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Senate

FISCAL YEAR 2004 BUDGET—CONFERENCE REPORT

(continued)

Mr. GRASSLEY. Mr. President, I rise to address an aspect of the budget resolution that we are debating today. I am going to focus on one of the Finance Committee's tasks that is included in the resolution. I am referring to growth package and reconciliation instruction to the Finance Committee. I would first like to put all of this into context. After that, I will describe an agreement with Senators SNOWE and VOINOVICH.

When I was thinking about the budget, Former Senator Barry Goldwater's words came to mind. Among legislators, you will find purveyors of perfection and those who practice the art of compromise. Reflecting on Senator Goldwater's words, I came up with a new version of Senator Goldwater's famous statement. With a little bit of poetic license, here is the version that I think sums up where we are:

> Let me remind you that extremism in tax policy at the expense of no budget resolution is a vice. Moderation in tax policy in pursuant of a budget resolution is a virtue. Fiscal conservatism is a virtue. No budget equals no spending ceilings and that equals a vice against taxpayers.

Our economy has not recovered as we had hoped. Too many factories are shut or running below capacity. Too many workers are looking for work and need jobs to provide for their families. Stock prices have remained well below the ''bubble'' prices of the late 1990's. Americans wonder when their 401(k) accounts will bounce back.

To me, there is a clearly demonstrated need for bold fiscal policy to give our economy a ''kick start.'' President Bush took the initiative and the responsibility. The President put forward a bold plan that focused on consumer demand and lagging investment. Let me be clear. I am with the President and supported his proposals in committee and on the floor.

Keep in mind, press reports indicated administration officials pursued ever larger resources for the growth package. Last fall, the figure seemed to be $150 billion. In early winter, the Wall Street Journal reported one day the figure had gone up to $300 billion. Finally, when the President announced his plan the figure had grown to almost $700 billion. In fact, Joint Tax scored the plan at $726 billion.

I supported the President's number at each step and support it today. Unfortunately, there is not now a majority of Senators in support of the President's figure. Based on countless conversions I have had that majority is not going to materialize over the next few weeks. As much as I wish it were no so, that is the political reality.

The reality is that the Republican caucus is split. Most of the Senate Republican caucus supports the President's number. My moderate friends, such as Senators SNOWE and VOINOVICH, think the President's number is too large. Our Democratic colleagues who want to be constructive legislators, such as Senators BAUCUS, BREAUX, BEN NELSON and others, share our Republican moderates' view. Unfortunately, there are many on the other side who appear to view this exercise solely from the political objective of destroying part of the President's agenda. They seem less concerned about addressing the needs of the people.

My moderate friends base their views on concerns about future deficits. Those are sincere concerns. Likewise, I do not like the prospect of deficits. My difference is that fiscal discipline needs to come from the spending side as well. I do want to differentiate these moderates who are deficit hawks from those that claim the title of deficit hawk and seem to be advancing political objectives.

I would ask a question of those hard line opponents of the President's growth package who claim to be deficit hawks. How often have they offered to restrain spending? Did they offer any fiscally responsible spending restraints during the budget debate? I think we know the answer on that one.

We all need to focus on getting spending under control. Unfortunately, the reality is that a majority of the Senate wants to focus only on the tax relief side. That is where we find ourselves. We only see restraint on the revenue side of the ledger.

There is a more fundamental issue at stake. Republicans have a responsibility to govern. Aside from 135 days in the 2001, Republicans have not had control over both the Congress and the administration for almost half a century. The American people gave us the authority to govern in the last election and we owe it to them to produce. Senators SNOWE and VOINOVICH understand this.

Senators FRIST and NICKLES also understand this responsibility. I want Iowans to know I understand it as well. The people are tired of the partisan games and want us to govern. That is one of the reasons why I have said, as the growth package emerged, I want a bipartisan product. Senators BAUCUS and BREAUX have told me they want to help me get a bipartisan growth package. They, along with other Democrats, made a down payment on this pledge with their support of the Senate budget resolution. I will work with them and like-minded Democrats in the bipartisan tradition of the finance Committee.

In this context, the governing comes down to a couple of pieces of the peoples' business. One, producing a budget and, two, advancing an economic growth package. We cannot go through the chaos of last year when, under Democratic control, we did not have a budget. Chairman NICKLES has made it his priority to restore the order that comes with the fiscal blueprint of a budget resolution.

A few moments ago, I discussed the importance of the second item, the

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growth package. That is my job, hopefully with my friend and colleague, Senator BAUCUS, to get a bipartisan economic growth package out of the Finance Committee, out of the Senate, out of conference, and on its way to the President.

So, the reality is these two items, the budget and the growth package, will not happen unless a majority of the Senate support the effort. Last night, a majority of the Senate did not support the budget resolution that passed the House early this morning. In order to get the necessary support, we made an agreement with Senators SNOWE and VOINOVICH. Let me be clear, without this agreement, the budget resolution conference report would not pass the Senate today. There would be no budget and no growth package without our agreement. That is why the leadership supports my efforts.

The agreement is simple. It relates to the revenue number for the growth package. I agreed that I would not return from the conference on the growth package with a number greater than $350 billion in revenue reductions. This means that, at the end of the day, the tax cut side of the growth package will not exceed $350 billion over the period of the reconciliation instruction.

Now, some on the other side will characterize this agreement as a ''defeat for the President.'' Those who say it is a defeat for the President may reveal their objective. It appears that they view this important responsibility solely from a political angle. I would say the same thing about my Republican friends who use that same characterization.

This is not about the President. It is not about the House. It is not about the Senate. It is about doing our job. It is about doing the people's business. As a matter of fact, if you review where the growth package started, at about $150 billion, you could say the ball has been moved substantially. Why is that? Common sense will tell folks on both sides of the aisle are a lot more concerned about the economy now than they were when we started. The reality is that we have the resources to do a very good growth package.

We have the tools to cut taxes that burden workers. We have the tools to cut taxes that burden small business. We have the tools to make investment decisions more attractive. That is where my focus will be—on workers, small business, and investors. I hope that my colleagues will join me and focus on doing the people's business. They can start by supporting the budget resolution conference report.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, first, I compliment my friend and colleague, the chairman of the Finance Committee, for his leadership, for his courage, for his service on both the Finance Committee and on the Budget Committee. He full well realizes we need both a budget and a growth package, and he has helped us and enabled us to do that. I also thank my colleagues from Ohio and Maine as well.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, while I welcome what I have just heard the Senator from Iowa say, no one should be under any illusion that there will only be $350 billion in tax cuts provided for in the budget resolution. This budget resolution provides for $1.3 trillion of tax cuts. Focusing on the reconciled tax cuts is only half of the story. It is a very important part of the story because those are the provisions that have special protection. There is a whole other part of the tax cut package part of this budget resolution that gets little reported. We are still left with well over $1 trillion of tax cuts.

People keep asserting it is a growth package. This is the work of the people who determine the effect of various packages, the very people who are under contract to the White House, the people who are under contract at the Congressional Budget Office who have looked at the President's plan. This is what they say:

> Initially the plan would stimulate aggregate demand significantly by raising disposable income, boosting equity values and reducing the cost of capital. However, the tax cut also reduces national saving directly while offering little new, permanent incentive for either private saving or labor supply. Therefore, unless it is paid for with a reduction in Federal outlays, the plan will raise equilibrium real interest rates, ''crowd out'' private-sector investment, and eventually undermine potential GDP.

Not a growth package, it is a package that hurts economic growth. That is the hard reality.

The fundamental reason for it is revealed in the President's own budget that shows his long-term outlook with respect to budget deficits if his budget plans are adopted. This is from his budget document. It shows we never get out of deficit. It shows the deficits explode because the baby boom generation retires and the cost of his tax cut package explodes.

The result is a heavy load of deficit and debt that burdens this economy and prevents the kind of economic growth for which we had all hoped.

The Senator from Montana is seeking time. I yield 15 minutes to the Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, so often Members of Congress, the President of the United States, and members of the press refer to an event as ''historic.'' The vote we are about to take on the budget resolution is one of those events. If this resolution passes, then April 11, 2003 will be included in the history books as the day the Senate relinquished part of its Constitutional purpose and power.

On March 31, a little over a week ago, I attended the funeral service of the late Senator Daniel Patrick Moynihan. I had the privilege of serving in the Senate with Senator Moynihan. He was a visionary, a leader, a teacher, and a statesman. Senator Moynihan reminded us to pay attention to our history. And he protected the historical purpose of the institutions of our nation's government the executive branch, the judicial branch, and especially the legislative branch.

Article 1, Section 3 of the Constitution designates the Senate as our Nation's deliberative body. As such, Senators are the only elected officials in our Federal Government with the power to impeach, approve treaties, and have 6 year terms.

In Federalist paper No. 63, the Founders explained that 6 year terms were important because the Senate would serve ''as the cool and deliberate sense of the community.'' The Framers believed this was important to prevent the Federal Government from making hasty decisions about matters that are central to the future of our country.

Let me quote directly from Federalist 63:

> . . . so there are particular moments in public affairs when the people, stimulated by some irregular passion, or some illicit advantage, or misled by the artful misrepresentations of interested men, may call for measures which they themselves will afterwards be the most ready to lament and condemn.

In short, our Founding Fathers saw the Senate's obligation to deliberate the important issues of our time:

> Until reason, justice, and truth can regain their authority over the public mind.

I believe we are at such a critical juncture.

Several Senate rules facilitate the Founders intent. First, Senators generally are allowed to offer amendments to any bill brought before the Senate. This is not generally the case in the House of Representatives.

In order to limit debate and reduce amendments, either all 100 Senators must agree to the limitations or the promoters of the legislation must file a motion to close debate and get 60 votes for that motion. That means that a simple majority is simply not good enough. The magnitude of our decisions requires a larger number of the Members of this body—60—to agree that it is the right thing to do for our country.

These Constitutional protections are fundamental to ensuring that the Senate maintains the role envisioned by our Founding Fathers. We must be very cautious when diminishing these protections in any way.

The enactment of the Budget Act of 1974 is one of the very few instances when the Senate has cut back on these protections. This was done with another important goal in mind—reducing deficits.

Let me take a minute to touch on the budget and budget reconciliation protection process.

When Congress passed the Congressional Budget and Impoundment Control Act of 1974, the purpose of the legislation was to help Congress control its budget.

Among other things, the Budget Act allows Congress to enact a budget blueprint each year. That blueprint, contained in what we call a budget resolution, is considered under special rules and must be passed by April 15th of each year.

One of these rules is that, instead of requiring 60 votes for approval, the resolution requires only 51. After a limited amount of time for debate, the Senate moves to a final vote.

The Budget Act set up a streamlined process—reconciliation—to make it easier for the Senate to pass legislation pursuant to the directives of the budget resolution.

Those provisions such as cutting spending or increasing taxes, are critical to reducing deficits.

Thus we agreed to significantly diminish the right of Senators to debate and amend measures brought to the Senate floor when done as part of the budget resolution and reconciliation. We agreed to give up these rights for a very important goal—that of deficit reduction.

Things changed, though, in 1996. In 1996, the Senate parliamentarian ruled that the budget resolution's streamlined reconciliation protection could also be used to pass tax cuts, that is, provisions that increase deficits.

The budget resolution can now include instructions to the Finance Committee to report tax cuts that can be passed in subsequent legislation with only 51 votes in the Senate. That ruling turned the Budget Act on its head. Unfortunately, today's parliamentary maneuver goes even further; it turns Senate procedure on its head.

The instructions in this budget resolution regarding the tax cut establish new precedents that will expand the power of the House and the leadership of the Senate at the expense of Senators. The precedents will diminish the power of any individual Senator, the Senate's committees, and whichever party happens to be in the minority at any given time. This new budget resolution scheme runs counter to intention and rules governing Congress since Congress first convened in 1789.

The tax cut instructions direct the Finance Committee to pass a bill with a maximum of $550 billion in tax cuts.

However, if the Finance Committee passes a bill greater than $350 billion, then the bill will not be permitted to pass the Senate unless it garners 60 votes of support instead of 51. This is accomplished through a new point of order that will apply during Senate consideration of the Finance Committee bill.

So, for example, if the Finance Committee passes a tax cut bill costing $450 billion, any Senator could raise a point of order on the Senate floor. The point would be sustained by the chair, unless 60 Senators voted to waive the point of order.

The point of order, however, is not applicable in conference under this resolution. Accordingly, a conference report that comes back above $350 but no more than $550 would need only 51 votes. No known points of order would lie against it—a dramatic change from current Senate practice.

At this point, I might say the architect of all these provisions which were designed to maintain Senate procedure and to maintain control of the deficit in a meaningful way is now seated on the floor, Senator ROBERT BYRD from West Virginia. I pay great respect to the Senator from West Virginia, who I am sure right now is lamenting a lot of new procedures that this body is about to adopt.

Under the Byrd Rule, the Senate could not exceed the instructions to the Finance Committee unless there were 60 votes to waive the objection.

But there is a significant difference. The Byrd Rule applies to both Senate consideration of the tax bill and Senate consideration of the conference report. But there is a big twist. The new point of order will apply only to Senate floor consideration of the Finance Committee tax cut legislation. It won't touch the conference report.

Now, you may ask, why doesn't the Byrd Rule still apply to the conference report? I believe that the Chair would rule that it does apply. This was confirmed in a letter sent from the Parliamentarian to Senator DASCHLE on April 9, 2003, which stated in part:

> During Senate consideration, the conference report on this measure [the tax cut bill] would be subject to the level of the reconciliation instruction given to the Finance Committee. If that conference report exceeded the instruction to the Finance Committee, the Byrd Rule would be available to remove provisions from that report sufficient to bring the measure into compliance with the reconciliation instruction to the Finance Committee.

I ask unanimous consent that the entire letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
OFFICE OF THE SECRETARY,
Washington, DC, April 9, 2003.

Hon. THOMAS A. DASCHLE,
Democratic Leader,
U.S. Senate, Washington, DC.

DEAR SENATOR DASCHLE: I am writing to you in response to your question about the consideration in the Senate of a revenue reconciliation bill pursuant to H. Con. Res. 95, the budget resolution currently in conference, if the conferees on that budget resolution give different revenue reconciliation instructions to the Senate and the House.

The Senate during its consideration of a Senate measure would be bound by the reconciliation instruction given to the Finance Committee. As you know, the Senate must pass a House originated revenue measure, and therefore the Senate must consider a suitable House revenue measure as a vehicle to be passed and sent to conference. The Senate could consider as a reconciliation bill a House passed measure which complied with the higher reconciliation instruction given to the House Ways and Means Committee. During Senate consideration the conference report on this measure would be subject to the level of the reconciliation instruction given to the Senate Finance Committee. If that conference report exceeded the instruction to the Finance Committee, the Byrd Rule would be available to remove provisions from that report sufficient to bring the measure into compliance with the reconciliation instruction to the Finance Committee, subject to subsequent House action.

Sincerely yours,

ALAN FRUMIN,
Parliamentarian.

Mr. BAUCUS. That is what the Senate Parliamentarian wrote in a letter to Senator DASCHLE 2 days ago.

The operative question is, What is the instruction given to the Finance Committee? I suggest there are two possibilities: $550 billion and $350 billion. The case for the $550 billion is technical. Section 201(b) of the bill before us states:

> The Senate Finance Committee shall report a reconciliation bill not later than May 8, 2003, that consists of changes in laws within its jurisdiction sufficient to reduce revenues by not more than [$550 billion].

The case for $350 billion—that is what is the instruction given to the Finance Committee—is substantive. The instruction to the Senate Finance Committee is conditional. The very next section of the budget resolution, Section 202(a), provides:

> It shall not be in order for the Senate to consider a bill reported pursuant to section 201, or an amendment thereto, which would cause the total revenue reduction to exceed [$350 billion] . . .

Taken together, the instruction to the Senate Finance Committee regarding reconciliation is $350 billion. I believe if you were to ask 100 Senators what the size of the tax cut is going to be in the Finance Committee-reported bill, they will tell you, it will be $350 billion—not more. Everyone in this Senate, this body, knows that is what is going to be reported.

The budget resolution says it is not in order to consider a tax bill greater than $350 billion. If the Chair rules that the instruction to the Finance Committee is for $550 billion, then I believe that approval of this resolution would eviscerate a significant part of the Byrd rule.

The Senate will have created a mechanism to, at a minimum, eliminate the effect of the Byrd rule provision in consideration of conference reports.

Under this ruling, there would be no basis for stopping further erosion of the Byrd rule. The drafters could eliminate the use of the Byrd rule provision by setting a very high instruction number to the committee, and setting points of order at lower amounts at whatever steps along the way were necessary to command the votes sufficient to pass a bill.

For example, the budget resolution could instruct the Finance Committee to report a bill costing $1 trillion. The resolution could then set a point of order applicable to the Finance Committee bill at $200 billion, set a point of order applicable to Senate floor consideration at $300 billion, and set a point of order applicable to the conference report at $400 billion. The Byrd rule would then be inapplicable provided the cost of the tax cut bill was not more than $1 trillion, an artifice. That is exactly what is going on here in this budget resolution.

That result is absurd, and I believe this interpretation renders portions of the Budget Act moot or ineffective. If these actions go forward, this ruling will come back to haunt the Senate. It may enhance the Senate's ability to pass bigger tax cuts. It may enhance the Senate's ability to pass larger spending increases. It may do both. But it will not help the Senate reduce the deficit, which was the purpose of the reconciliation provisions.

I urge every Member of this body to fully examine the effects this ruling will have on the Senate and on our Nation. It is irresponsible to go forward with this plan, and I cannot support the procedural scheme cooked up in this budget. I urge my colleagues to look at the long run, not the immediate short run, and vote against this resolution.

In addition to my earlier comments expressing my disappointment and serious concern regarding the procedures adopted with respect to this budget, I would like to also speak against certain funding provisions included in this budget conference report. I'm especially concerned by the insufficient level of highway funding and by Title III.

Highway funding is one of the most effective ways to create jobs and send needed assistance to the States—in my State of Montana and across the nation. It is unacceptable to cut transportation funding at this time when states are facing record deficits and unbalanced budgets. In addition to highway funding levels being set too low in the budget resolution, the reserve fund provisions won't allow us to increase the highway program unless we raise taxes.

In order to build on the success of TEA 21 and pass a TEA 21 reauthorization bill, we must ensure that our budget resolution can accommodate higher levels of spending for highways and transit. These higher levels of spending will enable the successor to TEA 21 to become law.

Increasing funds into the Highway Trust Fund is the sole responsibility of the Senate Finance Committee. Senator GRASSLEY and I have been working very hard to find ways to grow the highway and transits programs, without raising taxes.

I can't emphasize enough how the single principal feature of any new highway reauthorization bill has to be its increased funding for the program, something that will help Montana and help our country. The blueprint that the budget resolution sets for our fiscal year 2004 budget fails when it comes to transportation funding.

I am also troubled by provisions that were included in Title III of the budget resolution. Similar to the deceptive procedures that are being used to rush this budget to a final vote, Title III includes misleading findings in order to justify possible future cuts to programs that are essential for working Americans. Title III includes findings on waste, fraud, and abuse in Federal programs and instructions for the tax-writing committees to examine these programs for savings.

Many of the programs included in Title III involve aid to low income Americans. Included in this group are millions of veterans and members of our current armed forces. Title III includes findings addressing the earned income tax credit (EITC). EITC works to reduce the tax burden on low income Americans, while giving a powerful incentive to work. I am concerned by a section of Title III that would crack down on erroneous payments of the earned income tax credit, stating that the OMB has found that $8 billion a year is paid erroneously for EITC claimants.

I have no tolerance for people who commit fraud and steal benefits paid for with the tax dollars of hard working Americans. However, I believe the OMB findings are largely due to errors, not fraud. And I believe that the complexity of the tax credit and complex living situations are responsible for the high error rate. Publication 596, the instructions and forms for the EITC, are 54 pages long. The number of pages explaining the EITC is longer than those describing the alternative minimum tax. Many of the claims paid ''erroneously''—according to the study on 1999 tax returns—are not paid fraudulently. Often a payment made in ''error'' is simply made to a mother living in the same house as her grandmother—who should have claimed the credit—and is consequently marked as paid in ''error.''

Senator NICKLES argued earlier today that we have never addressed these issues before. With all due respect for my good friend from Oklahoma, we have worked in a very bipartisan way over the last several years to address the issue of EITC noncompliance. In 1997, we passed a provision allowing the IRS to access the Federal Case Registry to determine if a child is qualifying. This registry is still a work in progress. We also established kid-link, which as of today, only affects children aged four and up.

In 2001, Senator GRASSLEY and I worked together to include significant provisions in the bipartisan tax cut that were aimed at reducing error. These changes include the AGI tiebreaker provision and giving the IRS math error authority to prevent deadbeat dads from claiming the EITC.

It should be noted that almost none of these changes were in place when the study Senator NICKLES refers to was done on 1999 returns.

President Reagan hailed the expansion of the EITC in 1986 as ''the best anti-poverty, the best pro-family, the best job creation measure to come out of Congress.'' It has been estimated that nearly 4.8 million people, including 2.6 million children, are lifted out of poverty every year because of the earned income tax credit.

In 1999, then Presidential candidate, Governor Bush, told reporters ''I don't think they ought to balance their budget on the backs of the poor.'' Mr. President, I hope we take these words to heart when we consider this budget.

The PRESIDING OFFICER (Mr. ALEXANDER). The Senator from North Dakota.

Mr. CONRAD. Mr. President, I salute the Senator from Montana, the ranking member of the Finance Committee, the former chairman of the Finance Committee, for, with great specificity, pointing out the extraordinary danger of what is being proposed here.

In order to accomplish a short-term goal, we are endangering the ability of this body to responsibly manage the budget of this Nation. I believe this is a dark day for the Senate. I believe we will live to regret the day this was adopted.

It is a sham. It will create enormous problems in the future. Whoever is in the minority—whoever is in the minority—is going to face a dramatic diminution of the power and the ability to influence outcomes.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, I take issue with our colleagues. I regret the decision they made. But that is not the way this resolution reads. It may have been the way we were looking at having it a couple days ago, but because of some changes that were made, this resolution reconciles both committees to $550 billion, both Houses to $550 billion.

It also has additional language that says the Senate will be limited to $350 billion, both out of committee and on the floor. The chairman of the Finance Committee said he would not report, he would not sign a conference report that was greater than $350 billion. You can take the word of the chairman of the Finance Committee. If he says it is not going to be more than $350 billion, it is not going to be more than $350 billion.

But to say we are starting something different, if the resolution was drafted correctly and it said $550 billion for both Houses, it did have limitations on the Senate. We have the right to put limitations. We put instructions to various bodies, either the House and/or the Senate, and various committees. That is what a Senate resolution does.

I just want to make sure people understand both the commitment our colleague from Iowa made and also that the resolution—and it was not done haphazardly. It was not done with malice or trying to distort the budget process. We were trying to pass a budget in both the House and the Senate. That is what we are going to do. We are going to have a budget.

We did not have a budget last year. We are going to have a budget this year. We are going to have a budget that will have caps on discretionary spending and points of order against entitlements. It will be able to keep people from offering entitlements on any little bill that comes down that costs billions of dollars and acting as if it did not cost anything. We are going to have budget enforcement. We are going to have fiscal discipline. We are going to have a reconciliation package that will be reported out of the Senate Finance Committee on the floor of the Senate, and I believe out of the conference report, at $350 billion.

I will also say, I heard my colleagues say: Well, there is really $1.2 trillion. Mr. President, $600 billion and some of that is for the last 3 years of the reconciliation period—the years 2011, 2012, and 2013. That will be to extend present law. If we do not extend present law, you are going to have people who are paying 10 percent, who will be paying 15 percent. You are going to have people who are paying 25 percent who will have to go back up to 28 percent. You will have an increase or reinstatement of the marriage penalty. You will have people who were receiving a $1,000 tax credit per child who will only get a $500 tax credit per child.

I just mention these. Everybody keeps talking about these fabulous tax cuts for the wealthy. The highest income tax bracket has been reduced a great big 1 percent. It has gone from 39.6 percent to 38.6 percent. Hopefully, eventually it will be at 35 percent. How high is 35 percent? I might remind my colleagues, in 1990, the maximum rate was 31 percent. So even after all of these enormous personal income tax cuts proposed by President Bush, the rate is going to be 35 percent, which is still about 13 percent—or maybe higher than that—well, the old rate was 31 percent. So you are still about 15 percent higher than it was under President Clinton.

I just mention, with all these rate reductions—I have been in the Senate not nearly as long as Senator BYRD, but when I came to the Senate, the maximum personal income tax rate was 70 percent. In my first 8 years in the Senate, it was reduced to 28 percent—a pretty significant reduction.

Incidentally, Federal revenues in that 10-year period of time, between 1980 and 1990, doubled. So even though we reduced personal income tax rates dramatically, total revenues to the Federal Government rose dramatically—doubled—in that timeframe. So it can happen.

We reduced capital gains rates in 1997 from 28 percent to 20 percent, and revenues rose, and rose dramatically, because we cut tax rates.

President Bush is now proposing additional tax cuts to stimulate the economy. The chairman of the Finance Committee said the reconciliation package would be $350 billion. Colleagues on the other side offered tax bills and spending bills—mostly spending—that was $140 billion. I guess that was OK but this is not OK.

We are looking at an economy that is $11 trillion per year. We are looking at total revenues to the Federal Government over this same period of time of $28 trillion. We are trying to move the economy by having a slight reduction of $350 billion. The House would say $550 billion. That is hard to do. Some of us think it should be more, but we also know we have to count votes. We also know we have to pass a budget. That is our objective, to pass a budget and to get the biggest growth package we can. That has been my objective for a long time. I think it would be very foolhardy to say: Well, we can only get half a growth package; therefore, we will not have a budget. I think that would be a mistake.

We need to have a budget. We need to have a growth package.

I just tell my colleagues as well that there are still opportunities to do additional tax cuts outside of reconciliation. I encourage that. I was very close to recommending we not have reconciliation and just do a tax cut, period, the old-fashioned way, without the expedited procedure, Senator BYRD, because I believe we can pass one. I think we should pass one. It would be amendable and debatable. We could do it, and we would help the economy. I hope we will, in addition to what we do on reconciliation. I don't think you can stimulate the economy as big as this economy is. I don't think you can do enough with $350 billion. I agree with our President. It may well be we will have to do some inside of reconciliation, and we will have to do some outside of reconciliation. Fine. I would imagine the House can pass a tax bill, and I hope and look forward to taking it up in the Senate. Yes, there will be unlimited debate and unlimited amendments. Fine. Let's take it up. Let's vote. Let's find out, do we really want to grow the economy.

I hope our colleague, the ranking member of the Finance Committee, will work with the chairman to make that happen.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I say to my colleague, he may get a budget resolution, but there is no fiscal discipline here. Let's not mislead anybody. This is a prescription for record budget deficits, for red ink as far as the eye can see, for the explosion of deficits and debt. This may be a budget resolution, but it is not a prescription for fiscal discipline.

People can make all the deals they want. We are going to vote on a budget resolution. This budget resolution authorizes $1.3 trillion in tax cuts. That is what is provided for here. And they can do this fandango dance that they instruct on one hand the Finance Committee to do $550 billion of tax cuts, then turn around and make a supermajority point of order against any actual product of that committee over $350 billion, and the chairman of the committee can come out and commit not to bring back from conference committee anything more than 350. I have respect for the chairman of the committee. When he gives his word, I believe it. I commend him for it. But let's not be under any illusion that that restricts what is happening to $350 billion of tax cuts. It does not.

What is in this budget we are going to vote on is $1.3 trillion of tax cuts when we already have record budget deficits, and it also increases spending by $1.1 trillion. Guess what? You are going to have deficits as far as the eye can see. And they are not small deficits; they are huge deficits. And they are going to mushroom when the baby boom generation retires.

Is the Senator from West Virginia seeking time?

Mr. BYRD. Yes.

Mr. CONRAD. How much time would the Senator like?

Mr. BYRD. Twenty minutes.

Mr. CONRAD. I am happy to yield 20 minutes to the Senator from West Virginia, ranking member of the Appropriations Committee, and also an extraordinarily valuable member of the Budget Committee.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, I thank the distinguished Senator from North Dakota, the former chairman of the Budget Committee in the Senate on which I serve. I thank him for the time. I may not use the 20 minutes. I will yield back to him whatever I do not use.

I also thank the distinguished Democratic whip for his courtesies and his characteristic accommodating mood.

With the final passage of the fiscal year 2004 budget resolution, I expect that many in Congress will congratulate themselves for a job well done. I expect a whole flurry of press releases to emanate from Washington about who is or is not a friend of the taxpayer, and who is or is not a friend of the President.

Those characterizations underscore just how ridiculous this budget debate has become.

The economy is floundering. Economists are warning that it could begin to contract in the months ahead, raising the risk of a disastrous double-dip recession. The airline, manufacturing, and tourism sectors are already in outright recession.

More than 2 million jobs have been lost nationwide since January 2001, and 3.5 million workers are drawing unemployment benefits.

During that same time frame, the Dow Jones Industrial Average—a symbol of the retirement holdings of millions of Americans—has declined by a disastrous 23 percent.

Budget deficit projections are soaring, with some private-sector projections for the current fiscal year topping $400 billion. Yes, $400 billion. That is $400 for every minute since Jesus Christ was born.

The trade deficit remains disturbingly high, with the economy losing tens of billions of dollars every month in growth to other nations. We often hear the other distinguished Senator from North Dakota speaking on this subject, Mr. DORGAN, about the trade deficit. His pleas fall on deaf ears.

The dreaded twin deficits plaguing the U.S. economy have raised alarms around the globe, with the world's economic leaders pleading with this Administration to reverse its policies and trim its deficits.

Now the Senate is on the verge of passing a budget to authorize over $1 trillion in new tax cuts while we are in a war. It would be funny if it were not so serious; over $1 trillion in new tax cuts. How long would it take you to count to a trillion dollars at the rate of $1 per second—1, 2, 3, 4, 5, at the rate of $1 per second—how long would it take you to count to $1 trillion? Anybody want to guess? Thirty-two thousand years. So here we are on the verge of passing this budget to authorize over $1 trillion in new tax cuts before the American people can even begin to come to grips with just how badly our fiscal position has deteriorated. This budget deliberately obscures from the American public the mounting levels of deficits and debt we are accumulating. Have we no shame? This budget resolution is a sham. The spending and deficit numbers it contains are phony. I doubt there is a Member of this body who believes the assumptions that are included in this budget.

We haven't even figured out yet how we are going to pay for the war. Ask Secretary Rumsfeld what the cost of the war is going to be? He will say that is not knowable; these things are not knowable. Well, we haven't even figured out yet how we are going to pay for the war, a war that began 3 weeks ago that this administration has been eyeing since it took office 2 years ago.

The budget is in deficit. Under this so-called balanced plan, the national debt will almost double in just 10 years, reaching $12 trillion by 2013. That is trillion dollars, trillion with a capital ''T.'' We are borrowing hundreds of billions of dollars and exhausting the Social Security surpluses just to finance the current operations of Government.

I pity those three little great-granddaughters I have, and other Senators should weep alike. If you don't have granddaughters or great-granddaughters now, if the Lord blesses you, you will have them.

The Congress will soon pass a roughly $80 billion supplemental, but those funds are just a downpayment on the war—just a downpayment, a small one at that—on the war, and post-war reconstruction there is likely to cost hundreds of billions of dollars.

This budget resolution includes only $75 billion for the war in Iraq and pretends that not budgeting for this effort will not have long-term consequences for our troops and humanitarian relief efforts.

The economy is faltering, the budget is deteriorating, and all this administration says is tax cuts will save us. Well, I have been in Congress for over 50 years. I have been in politics almost 60 years. The easiest votes that I ever had to cast were votes to cut taxes. The administration says tax cuts will save us. They append their hopes to ideological rhetoric. Meanwhile, the poor, beleaguered, hard-pressed, downtrodden American taxpayer gets stuck with bigger and bigger debt and more and more interest costs.

The Congress has struggled for weeks about whether to endorse the President's tax cut proposal. For a while, there appeared to be a glimmer of hope on the horizon. A number of Senators, despite immense pressures from the White House, despite immense pressures from their party leadership, voted their conscience. Tax cuts were trimmed so funds could be set aside to pay for the war, pay for the deficit reduction, and pay for the other priority needs of the Nation.

What's more, the Senate sought to create parity between emergency designations for homeland security and defense spending. That was my amendment.

This budget resolution effectively erases those decisions—wipes them out—and replaces them with a lot of nonsense that has already been rejected by this Senate.

We haven't the funds to pay for a war, and the administration knows that. They didn't even budget one thin dime in the budget for the war. We haven't the funds to pay for a war, let alone a massive new tax cut. Our only option is to go deeper and deeper into debt. How deep we are going to go is anybody's guess, but one thing is sure: Mr. President, your children, my children, my grandchildren, my great grandchildren, your grandchildren, your great grandchildren, and theirs—those people looking at the Senate Chamber today through those electronic eyes—your grandchildren, their children, and their children's children will still be paying the tab many years hence.

We hear the cry for stimulus through tax cuts. I say bunk. Economic stimulus is a code word for covering your political backside—if you know what the code word ''backside'' is for. Economic stimulus is the code word for covering your political backside. The economy of this Nation has been mismanaged by those who put protecting their political base ahead of enacting sound economic policy. If all we had to do was to pass massive tax cuts every time the economy began to stumble, if it were just that simple, we would have done away with recessions in the last century.

President Ronald Reagan had the common sense to recognize the consequences of long-term deficits and the courage to repeal portions of his own 1981 tax cut. President George Herbert Walker Bush likewise recognized the dangers of long-term deficits and signed legislation to increase taxes in 1990. But this administration refuses to recognize how badly its economic policies are failing. This administration can only stubbornly argue for more of the same—more tax cuts.

It was unwise, unfair tax cuts that helped to push the budget into deficit in the first place. The much touted stimulus to the economy did not happen. The only thing these tax cuts will stimulate is campaign contributions from fat cats.

The budget process is supposed to provide this Congress with a roadmap that will guide us toward reasonable spending and tax policy. But under this budget resolution, the war and postwar reconstruction will not be paid for, deficits and debts will continue to pile up, and the American taxpayer won't even know that the Nation has veered off the cliff, off the road, until the economy is on its back—spinning its wheels deep inside the deficit ditch.

In the New York Times on Wednesday, Sam Nunn, Warren Rudman, Bob Kerrey, Peter Peterson, Robert Rubin, Paul Volcker—Republicans and Democrats, moderates and conservatives, former Federal Reserve and Treasury officials, and former Members of the Senate—all joined together to warn us not to do exactly what we are about to do. They urged us not to rely on unrealistic budget assumptions, not to ignore the deteriorating long-term fiscal outlook, and not to enact these fiscally irresponsible proposals.

This budget makes promises to the American people that we know we cannot keep. This budget piles years of interest and debt payments on the public and then tries to obscure them with the promise of economic stimulus. I oppose that kind of manipulation. I oppose not being forthright with the American people. I oppose this budget resolution.

I yield back to the distinguished manager of the bill on this side of the aisle whatever time I did not use.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I thank the very distinguished senior Senator from West Virginia. As I indicated, he is a very valuable member of the Budget Committee and the ranking member of the Appropriations Committee. He has said very clearly what this budget before us represents: a plunge off the cliff into unending deficits and debt—at the worst possible time.

Here we are at war, the cost of which we cannot know, right on the brink of the retirement of the baby boom generation. We are already in record budget deficits. The Senator said the budget deficit, as some private forecasters indicate, will be over $400 billion this year. That doesn't count the $160 billion they are going to take out of the Social Security trust fund.

On a true operating basis, we are going to have a deficit this year of more than $600 billion. Is anybody listening? And it doesn't end this year.

We don't see the deficit on an operating basis, if this budget is adopted, ever getting below $300 billion to $400 billion a year. This is the sweet spot—the time the trust funds are throwing off big cash surpluses. When the baby boomers retire, we will go into cash deficits. Then the cost of the President's tax cuts truly explode, driving us off the cliff into deficits, and deficits that are totally unsustainable.

I note the Senator from New Jersey is seeking time. He is also an extraordinarily valuable member of the Senate Budget Committee. He is somebody whose expertise in financial matters has been demonstrated in the private sector and public sector. Very few have been as successful as he has been in the private sector, and he was successful in understanding how the economy works. How much time does the Senator seek?

Mr. CORZINE. I would like 10 minutes. I might go a few minutes beyond that.

Mr. CONRAD. I will be happy to yield 10 minutes to the Senator from New Jersey.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Fifty-two minutes.

Mr. CONRAD. I will be happy to yield 10 minutes to the Senator from New Jersey and any additional time he requires.

Mr. CORZINE. I appreciate it very much.

Mr. BYRD. Mr. President, before the distinguished Senator yields to the very distinguished Senator from New Jersey, will he allow me to thank him, the Senator from North Dakota, for the leadership he continues to provide to the Senate in these budget matters. I thank him for his kind words. Future generations will not rise up to call us blessed.

Mr. CONRAD. I thank the Senator. I yield now to the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. CORZINE. Mr. President, I appreciate the time from the Senator from North Dakota. I say to both my colleagues, they are laying out for the American people the nature of a budget resolution that really does undermine our future. Before the Senator from West Virginia leaves, I heard one of the most direct analogies about what we are doing dollar for dollar and that it would take 32,000 years to count the deficit if we went to a $1 trillion deficit. We are actually creating a $1.6 trillion deficit, which I think is 50,000 years. It is very hard for any of us to understand the dimensions of the fiscal irresponsibility we are taking on here.

I compliment the Senator in trying to put this debate in terms which people can picture in reality.

Mr. BYRD. Mr. President, I thank the able Senator.

Mr. CORZINE. Mr. President, I add my strong opposition to this conference report on the budget resolution before us today from a whole host of perspectives. I am certainly no expert on procedural rules, but I have heard a description of an approach to the debates we have had about the budget. It is hard to accept if this is the process by which we want to bring discipline to our budgetary process.

The area I do understand clearly is fiscal matters, and this budget resolution, in my view, is fiscally irresponsible to the extreme. Maybe more important than the accounting issue is it risks enormous harm to our economy in the short term and in the long term. It poses a clear danger to the future of Social Security and Medicare, and it threatens our ability to provide for critical priorities, such as homeland defense and education for our children.

This budget calls for a tax cut of $1.3 trillion over the next 10 years. When we add in the extra interest costs—that is using the assumptions we use now of low interest rates—which are required to pay for that cut, the real cut is $1.6 trillion. It raises the obvious question: Where is the money coming from? It is a question one has to ask when doing budgets: Do we have $1.6 trillion to fund these cuts without raiding the Social Security trust fund or undercutting consensus-driven priorities for the American people?

A few years ago, we had the resources and the ability to evaluate whether we wanted to have tax cuts. We had a $5.6 trillion projected surplus. That surplus was built on sound fiscal policies, ones that accompanied an extremely strong economy for many years. It is hard to understand why we needed to change policies since the economy was doing very well and it had probably the greatest run in the 20th century. But we felt there was a need to tinker with this $5.6 trillion surplus.

Guess what. It has disappeared, and we have added $1.6 trillion—that 50,000 years the Senator from West Virginia talked about if you count $1 a minute. We do not have the extra dimes, nickles, and dollars—a blank checkbook—to fund these tax cuts or increase any of the spending we might want for homeland security, national defense, making sure we invest in our future so that when our men and women come home from the war, they will have an economy that works for their children and their future.

By the way, we are looking at those deficits before these tax cuts, and this proposal in the budget resolution undermines that baseline. So the huge tax cuts proposed in this resolution are going to be relying on payroll taxes that are supposed to be dedicated to Social Security and Medicare. Then they will be financed by putting the remainder on our national credit card.

Who is going to get those credit card charges? It is hundreds of billions of dollars that come with the additional interest we will be paying in the years ahead. As we have heard, it is not this generation, it is the next generation—our children and our children's children. We are laying the burden right out on their shoulders.

I find it completely irresponsible. You certainly would not do that in your own life. That would border on immorality at a family level. This generation, or at least the most fortunate members of this generation, in my view, have no right to transfer the benefits of America for which we all worked so hard and so many have fought for and given their lives for at the expense of future generations.

I do not get it. Just this morning I was at a funeral for a heroic young man in the State of New Jersey who lost his life in Iraq. He made the ultimate sacrifice so we would have a positive future and to protect America. We are doing just the opposite in economic security with respect to this budget.

Beyond the raw, in my view, inappropriateness of this intergenerational transfer of wealth, it is also terrible economic policy. That is why we have had—one of the few times in history—10 Nobel Prize economists—hardly 10 economists can agree on anything—and 500 others signing up to say this does not provide short-term stimulus and really does undermine our long-term credibility, our long-term fiscal health.

It is very simple what it is going to do. It actually creates antigrowth policies in the sense we are going to create deficits, and as the economy takes off, interest rates will rise and there will be this crowding out—which has gone on off and on when we have run these big budget deficits over time—and undermining of private sector initiatives, and that will depress future economic growth. There are many models that verify this and many people making those arguments. We heard that in the group the Senator from West Virginia talked about in the article on Wednesday—a Republican, a Democrat, conservative, liberal. This is not a policy that is in the mainstream of economic thought, of business thought about how we are going to grow the economy over time.

Unfortunately, these negative effects of heavy fiscal deficits are going to last for decades. We have this baby boomer situation where we are going from 40 million 65 and older to 80 million, give or take a couple million on both sides of those numbers, and they are going to raise the cost of Social Security and Medicare in future years.

If we are going to maintain those programs, we have an incredible car crash coming with regard to our fiscal conditions, even before these tax cuts.

It is not as if we do not have a need to do something about the economy now. I could go through the employment situation. We have lost 460-some-odd thousand jobs in the last 2 months. I check these weekly unemployment numbers, and they are startling. We have people out of work, working part time, dropping out of the labor force. It is not a pretty picture. We need stimulus now. We are having serious shortfalls in the ability for the economy to produce those jobs, and I do not see anyone saying that in the near term this package of proposed tax cuts is going to have much, if any, impact on creating jobs.

It might be talked about in some kind of long-term context. At least there is a legitimate debate about whether that works. I actually think the mainstream comes out and says that does not even work in the long run, but there can be an argument about it. In the short run, it is almost universal it has little, if any, impact.

We have lost 460,000 jobs in this economy in the last 2 months. President Bush could very well end up being the first President in 50 years to preside over a decline in the total number of private sector jobs in the economy. I do not see this in the self-interest of the President and the administration with regard to good economic stimulus programs.

There are plenty of problems we can talk about. Business investment has declined in all but one quarter in the period of time we have been here. The stock market has obviously plummeted. We are now using only about 75 percent of our Nation's productive capacity. We can go on and on. There are just a series of problems.

So we have a continuing sense of lack of direction about dealing with the economic circumstance we have, and just at a time when what we are doing is pushing more of the same policies that we have been following for the last 2 ½ years. At least in the world I come from, when something is not working, you admit it, you change it, you move on; you do something else.

All we are doing is changing the level of the red ink we have already put on the paper, and we are going to have greater red ink. It is going to hurt this country's economic well-being in the years ahead.

Like my colleagues, I hope we will stand back, evaluate this budget resolution, think about that $1.3 trillion that is going to put us deeper in debt—$1.6 billion if we count the interest—and say no to this budget resolution because it undermines the health of the American economy, it does not improve it.

I think we are going to be looked at in the history books as a Congress that has really put us into the tipping point of fiscal red ink for as far as the eye can see, for generations to come, and I think it is just wrong that we are funding it out of Social Security, funding it out of payroll taxes. It is an intergenerational transfer, to future generations, of the obligations. I think historians will say we are not doing what it is our responsibility to do, which is to bring fiscal sanity and responsibility to the American budget.

This is a system that depends on the rising tide lifting all boats. This budget, and particularly the tax cuts that are implied in it, do anything but lift all boats. They are targeted at a very narrow group. I hope my colleagues will stand up and say no to this budget and do the right thing. I really do hope we can reconsider this and move forward.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. NICKLES. I yield such time as he may consume to the Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. ALLARD. Mr. President, I thank the chairman of the Budget Committee for yielding me some time. I also want to thank him and let him know how much I appreciate the yeoman work he is doing in regard to this budget.

I am a member of the Budget Committee. I had an opportunity to serve with him during the deliberations in the committee, and at the very start the chairman of the Budget Committee, Senator NICKLES, said: We are going to work in a bipartisan way. We are going to work with the President, we are going to work with the House of Representatives, we are going to work with the Members of the Senate. But his most important priority is to get a budget passed.

I think he had it right because the most important thing we can do in this Senate is to pass a budget. Now, it may not be a perfect budget that I would envision or the chairman would envision or somebody in the House or the President would envision, but we need to have a blueprint that will lay out the plan for this Senate and how we are going to handle those valuable tax dollars that get sent to Washington, DC.

People refer to the sham in this budget. The sham is when we do not pass the budget. The big failure in the last Congress was that we did not pass a budget. There was an attempt to try to pass appropriations bills and spending bills through the process, but they did not have a blueprint to follow. We did not have a budget. Well, we are working hard to get a budget passed now so we will have a blueprint.

I was struck by the comments that Senator GRASSLEY, the chairman of the Finance Committee, made when he said, I do not recall an amendment that was ever put forward by those who oppose the President's tax cut plan that suggested we ought to cut spending.

There were some Republican amendments, particularly the traditional one offered by Senator MCCAIN, where he goes after porkbarrel spending that was actually working to cut spending, but I do not recall any others.

Then I got to thinking about when we started this process this year, we came back in, we got sworn in, and the first two weeks we are working on an appropriations bill in an omnibus bill. There were 11 appropriations bills we did not get passed in the last session because we did not have a budget, we did not have a blueprint.

While that omnibus bill was going through, there were some $50 billion in amendments that were offered by that group of individuals who are opposing the President's plan. So we move on further and then we bring up the budget resolution itself, and if we look at the number of amendments from those who oppose the budget and oppose the President's plan, there was $1.6 trillion at the desk to be acted on. It ended up being about $950 billion, all spending increases, all increasing the deficit, all increasing the total debt. I am speaking of the 40 amendments we ended up acting on, on the last day when we had our voting marathon.

Then we had the supplemental bill that came up and now is in the conference committee this week that we have been working on, and here we have $12.3 billion in new spending that was put in the supplemental that was supposed to take care of just emergency spending. Many who are opposing this budget today, who oppose the President's plan, the amendments they offered increased spending. They did not cut spending, but they added to the deficit, and they did not have to comply with the budget rules because it was an emergency supplemental.

When we have an emergency supplemental, that means that the budget rules do not apply. So we have Members of this body who cannot wait to have an opportunity to have an emergency supplemental bill come through because amendments or legislation that fall under the budget guidelines that we should pass with every Congress every year, that gives them a chance to get out from under those rules because they increase spending.

The only time we hear from many of the individuals who are opposing this budget, opposing the President's plan, and who speak about how important it is to eliminate deficit spending is when we are talking about tax cuts.

I think we need to have tax cuts. I think we need to have something to stimulate the economy. How are we going to stimulate the economy? I do not think we do it by increased spending. We started our spending binge as early as 2002.

If we look back at what has been happening to the gross domestic product, it has been growing, probably peaked out somewhere around 2001, 2002—our spending binge started about 2000 actually, and all the agencies that want to increase spending always wanted to talk about how much they were spending as a percentage of gross domestic product because gross domestic product measured all the goods and services that happen in our economy. There has been phenomenal growth. So it made their budgets look relatively small in relation to the total economy of this country.

The taxpayers in this country are paying a burden that is among the highest it has ever been in the history of the country as a percentage of gross domestic product, especially since World War II. That tells me we have to do something to stimulate the economy. The only solution is to cut taxes.

Increased spending will not do it. Doing nothing is not acceptable. We need to cut taxes.

I strongly support any effort we have to cut taxes. I don't think our tax cut package is big enough, considering how big our gross domestic product is. It really needs to be more to stimulate the economy.

Finally, we need to get this bill passed. The longer we delay getting it passed, the more it tends to delay our efforts. We need to get our money to take care of the needs of our men and women on the military.

I was as disappointed as anyone about the increased spending driven because of September 11, and increased spending as a result of trying to maintain peace in the world in the Iraq crisis. It is a need we had to face. As a businessman, I realize sometimes you have to incur debt to take care of immediate problems in the business. You always had a plan to pay off the debt. There is a plan in this budget to pay off this debt. That is not easy to come up with.

The chairman of the Budget Committee worked hard to have a plan laid out to meet what the President was wanting to see as far as tax cuts to meet the increased needs, and then to have a plan out there to eliminate deficit spending within 10 years. I compliment the chairman. He is doing a great job. I support the budget.

I yield the floor.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I take issue with my colleague on this question of spending. This chart demonstrates the long-term relationship between spending and outlays going back to 1981. This is the outlay line, the spending of the Federal Government. It was over 23 percent of gross domestic product in 1982 and has been brought down steadily. When Democrats were in control in 1993, we put in place a 5-year plan. Look what it did to spending.

I hear the allegation that Democrats are the spenders. Let's look at the historial record. When Democrats had control in 1993, this is the trajectory we put spending on—down as a percentage of our gross domestic product, which economists say is the right way to measure spending over time because you are taking out the effects of inflation. We did increase revenues because we faced massive deficits. These deficits during this period were huge as a percentage of gross domestic product.

So we cut spending; we raised revenue; we balanced budgets; we turned deficits into surpluses; we stopped raiding Social Security trust funds. We kicked off the longest period of economic growth in our Nation's history. We had the lowest unemployment in 30 years, the lowest inflation in 30 years, the strongest business investment in history. That is our record. We are proud of it.

When the talk is about spending, let's look at the comparison. This chart looks at, from 1981 going forward, the difference in the Democratic alternative and the Republican budget before the Senate. Here is the difference. They are at 19 percent of gross domestic product, and we are at 19.3. We are both dramatically down from the peak of 23.5 percent in 1982. We have demonstrated spending restraint. This increase in spending that occurred was totally bipartisan. The increase in spending that occurred was for defense and homeland security almost exclusively. We participated in that spending increase together. We all agreed we ought to increase defense and we ought to increase homeland security.

I hope my colleagues, when we talk about the record around here, will reflect on the whole record, and Democrats, despite what we hear all the time, were disciplined in spending, reduced spending when we were in a position to control it, reduced it for 5 years in a row as a percentage of gross domestic product, and balanced the budget.

I give them high marks for getting a budget resolution. But what is in this budget resolution deserves low marks. It is red ink as far as the eye can see, with absolutely no concern for balancing budgets, ever.

Our friend on the other side said this has a plan to pay off the debt. There is no plan to pay off the debt. If this budget is adopted, it doubles the debt. He is talking about a plan to pay off the debt; there is no plan to pay off the debt. This exploded the debt. If they want to get partisan about fiscal accomplishments here they are: The deficits of the Reagan administration, the Bush administration, the Clinton administration, and now this Bush administration. The only time we have been out of deficit, the only time was when the Democrats were in charge and we actually not only got out of deficit, we stopped the raid on the Social Security trust fund. That is a fact.

And the deficits this President proposes are deep and long lasting and could not be timed in a worst way. Here we are on the eve of the retirement of the baby boom generation that will absolutely explode the deficits, and the President's tax cuts will explode in costs at the same time, putting us into a sea of red ink.

How much time does the Senator from Delaware seek?

Mr. BIDEN. Up to 15 minutes.

Mr. CONRAD. I yield 15 minutes to the Senator from Delaware.

The PRESIDING OFFICER (Mr. CORNYN). The Senator from Delaware.

Mr. BIDEN. Mr. President, the country is truly well served by having the Senator from North Dakota as ranking member. I don't know anyone who knows more about facts relating to our budget this year, last year, or in the last decade than the Senator from North Dakota. I am not being solicitous.

A good friend of ours from the State that was much closer to North Dakota than Delaware—from Wyoming, Senator Simpson—used to say in the Senate repeatedly, in his colloquial way: You know, everyone is entitled to their own opinion but not entitled to their own facts.

It seems as though some in the Senate think they are entitled to their own facts.

I will repeat some things that have been said here. They are so consequential I don't know how they cannot be repeated because they have not seemed to have broken through the ether, not here necessarily, but even in the country. To state the obvious, these are very serious times, just as they were at the dawn of the atomic age when Einstein observed "that everything had changed except our way of thinking." We face mortal threats to our Nation from terrorists from rogue nations, expanding international commitments, a looming and gigantic democratic transition—a fancy word for saying there is going to be a bulge in the retirement-age people, myself included, and part of this baby boom generation—and our thinking must now change, not just about how we secure our safety in this dangerous new world but how we maintain our economic security, as well.

And we are here today with yet another budget resolution that calls for more than $1 trillion in new taxes.

One definition of insanity is trying the same thing over and over again and expecting a different result. This budget meets that definition.

Thanks to the people of Delaware, I have been here now for three decades and I have shared this floor with many of my colleagues—well, not that many, actually—who are still here today. How many of my colleagues came to this Chamber back in the 1980s and talked about the need to balance the Federal budget? It was a fervor at the time.

The President of the United States of America, and many on this floor, the most ardent supporters of this outrageous budget deficit, were insisting on—and I remind everybody—a constitutional amendment to balance the budget. Does everybody remember that? A constitutional amendment to balance the budget.

When some of us voted for an exception to that amendment for war, our Republican friends, by and large, overwhelmingly our conservative Republican friends, voted it down and said that is a loophole we cannot sustain.

The President, this President of the United States, indicated that. When we said that when there are exceptional economic circumstances requiring us to deficit-spend as an exception to the constitutional amendment, our Republican friends said no, no, we want to enshrine it in the Constitution of the United States of America. I think the leader of the Budget Committee was probably for a constitutional amendment—without exceptions, we tried to put in.

Now what are we doing? Here we are. Back in the 1980s we were told that

Government needs to run more like a business and like a family; that business and families are under the danger of extending beyond their means and they should stop.

I know it is kind of trite to say it, but I guess we are modeling this after Enron businesses, instead of what we used to know as businesses back in the 1980s.

It took some time, but we eventually took that sound advice and we did balance the budget. As the old political saw goes, ''I have the scars on my back to prove it.'' It took discipline. It took some hard choices that made my constituents angry and my most ardent supporters angry—because we cut their programs.

Here we are again. But this time the Nation is at war—in case someone on this floor hasn't noticed. We are at war. We face ballooning deficits, far larger than anyone could have imaged, especially, I might add, in the wake of our jubilation just 2 years ago about a projected $5.6 trillion surplus over 10 years.

This year alone, counting the costs of the war, our deficit, if we pass this budget, will reach, in the unified budget, which means counting the surplus in Social Security, a $350 billion deficit. If you take out Social Security like we all promised you we would do, and don't count the surplus in Social Security, it is a $587 billion deficit this year.

In the face of this $587 billion deficit, or what everybody likes to talk about now, the unified budget, which takes the Social Security surplus and spends it, the $350 billion deficit that this budget resolution calls for in the face of this more than a third of a trillion dollar deficit, for 1 year we are adding another $1.3 trillion tax cut.

In my 30 years in the Senate I can honestly say, from my perspective, I cannot recall a more reckless or irresponsible proposal to come before this Senate.

Where are the deficit hawks now? Where are those who were demanding for decades that we balance the budget; those who said we couldn't sustain our economy in the face of massive deficits? Where are those who were telling me we cannot let our children and grandchildren foot the bill for our excesses? Where are they now? Where have all—not the flowers—where have all the balanced budgeters gone? What happened to them? They all died and were reincarnated as kings. All my conservative Republican friends—where are they? Where have they gone?

Instead of a careful, conservative approach to our finances, instead of caution and a sense of responsibility in these dangerous times, this budget throws caution to the wind and simply dumps the bill for our choices today on our children and our grandchildren.

A lot of people around this place, since I got here—it is a dangerous habit we tend to—and I hope I don't do it—question one another's motives, not just their judgment. I am not questioning the motive of my Republican colleagues here. I believe that, notwithstanding that the rich benefit the most from this—I don't think that is their purpose. It is a result of what they do. I think their purpose is they truly believe somehow, if they go along with this budget, somehow it will cause the economy to grow so significantly that everybody is going to be all right. We are going to be able to pay for everything and balance the budget.

They even went so far—I will do this in a separate speech since I don't have time—they even went so far as to get someone from the President's Council of Economic Advisers and place him, hire him with the Congressional Budget Office to make a case that this could be done.

As I understand it from my Ph.D. economist on my staff, he ran, I don't know how many—two, three, five, a half dozen econometric models, a fancy term for seeing how this would work out under dynamic scoring, and still could not come up with a balanced budget. Even the Republicans can't, through this new voodoo, come up with a balanced budget—not this year but long term.

We are now in a position where we ask, when we are fully engaged on the ground in Iraq in a war that is not truly over and will not be over until the reconstruction and nationbuilding the President rightly calls for is accomplished, where are they now? Where are my deficit hawk friends now when the $75 billion the President has requested is just the first downpayment on the war?

Let me be clear about the numbers at the outset, before we find ourselves under the weight of deficits that will begin to crush us, before we have to have our old ''cut the deficit'' conversation again, because I promise you it is coming up. We are going to have our ''we have to cut the deficit'' conversation when reality finally sinks in, unfortunately probably too late.

In the face of all the new, massive domestic and international commitments that are staring us in the face, this resolution calls for a $1.3 trillion tax cut. The additional interest charges we will pay on the increased national debt as a consequence of the tax cut and the budget deficit will total over $1.5 trillion. It will bring the amount up to $1.5 trillion, the cost of the tax cut; over $1.5 trillion in dollars that will not be available to meet the new commitments we face.

These funds will not be available, to take one example close to home, to give the Adjutant General of the Delaware National Guard, General Vavala, the medivac helicopters he needs or the civil support he needs in case of biological or chemical attacks.

Sadly, there are countless more examples of tax cuts shortchanging vital programs such as the hundreds of thousands of eligible veterans still waiting 6 months to enroll in a health care system, not to mention 400,000 claims by disabled vets that are still backlogged, not to mention no money for the COPS Program, or underfunding nearly $10 billion in the President's own No Child Left Behind education law, signed just last year and heralding the President as the President of Education.

Forget about Social Security. Virtually all of these tax cuts are borrowed straight from the Social Security system on the very threshold of the time when that system will need not just the borrowed surpluses, but even hundreds of billions of dollars more to meet the commitments to a retiring generation of baby boomers.

Let's be clear now at the outset what we are about to do and the choices we are about to make. I remember clearly those conversations with many of my colleagues. You can be sure as I am standing here today we will be having them again soon.

Mark Twain said a lot of things, but one of the things he said is very appropriate today, in my view. He once said:

> History doesn't repeat itself, but it does rhyme.

Boy, am I hearing a rhyme here today. It does rhyme. It rhymes with all the nonsense of the supply-siders of the 1980s. It rhymes. It rhymes: massive tax cuts and deficits as far as the eye can see. They rhyme.

Mr. President, at its core, a nation's budget reflects its basic values. More than any speech, more than any campaign promise, our budget reveals who we are, what we believe in, what we think is important, what we think is not. It reveals our real values, our real priorities.

I do not say this as a criticism, but my value system and that of the Senator from Oklahoma are fundamentally different. My value system and the value system of my friends who are supporting this massive deficit are very different. And that is legitimate. I am in no way casting an aspersion but stating the obvious.

Budgets reflect our values. In these historic times, in my view, our budget policy should reflect two of our most fundamental American values. The first is facing up to our responsibility.

I love all my friends, Democrats and Republicans, who talk about that we have to have more individual responsibility in this Nation. I just ask the average person listening to this debate: Tell me how responsible you think we are being individually. It means putting together a responsible budget that makes hard but necessary choices, just like they are making in their families right now, as I speak. It means doing what is right. And by that I am not saying my Republican friends are doing what is wrong. They mean well, but I think it is wrong.

The PRESIDING OFFICER. The Senator has used 15 minutes.

Mr. BIDEN. Mr. President, I ask unanimous consent that I be allowed to proceed for 5 more minutes.

Mr. CONRAD. Mr. President, I say to my colleague, I do not have that additional amount of time. I will give him an additional 2 minutes.

Mr. BIDEN. I will take the additional few minutes.

It means doing what is right . . . and not handing the bill for our actions to our children and grandchildren.

By returning us to the failed policies of massive deficits this budget does exactly that. It hands it to the generation of young men and women who are fighting in Iraq.

The second value is fairness—a sense that we're all in this together.

In a democratic society like ours, under threats like those we face today, that means having a shared sense that paying our fair share of the bill is not just a partisan buzz-phrase . . . it is not just window dressing . . . It is who we are . . . It is what we are about. It is what this budget should be about, fairness and responsibility.

No one's definition of fairness is a tax cut that gives a taxpayer in the middle income bracket about $250, while those with incomes over a million dollars get a cut of over $90,000.

No one's definition of fairness is a tax cut that gives almost half of all taxpayers a cut of less than $100, while the top one percent of taxpayers get a cut of over $24,000.

Take a look at the income bracket of the men and women who are fighting now in Iraq—the young people who will be handed the bill for the future deficits in this budget. They will be getting less than $100 in tax cuts.

Is there anyone here who will argue that is fair, Mr. President?

In my view, as far as reflecting our values, this budget fails.

It is written as if we faced no new threats to our physical and economic security and it ignores the—small ''d''—democratic standard of fairness that we are fighting for.

I remember when the President was running for office . . . when he was still facing a primary challenge from Steve Forbes and his flat tax, then Governor Bush proposed cutting taxes. The problem back then, as he saw it, was that we were piling up budget surpluses and we were paying off—yes, paying off—the national debt.

So what did he say? He said it would be better to cut taxes, above every other possible use of those resources.

He did not say we should use those resources to fix Social Security, for example, or to restore the integrity of Medicare, or beef up and reorganize the military, or build up homeland defense to meet the new threats we face, or paying for his own priorities such as a missile defense system.

At that time, at the end of the second Clinton Administration, the Federal budget was in surplus. We had actually paid down over 150 billion dollars of the national debt, and we were on schedule to eliminate the national debt altogether by 2010.

Think about that. In seven years, we were going to completely eliminate the national debt . . .

If there was any question about what the government could do if it balanced the budget and ran a surplus—if there was any question why surpluses are better than deficits—it was answered on the morning of September 11.

That morning we learned the nature of the new threats we might face . . . We realized what it would cost to defend the Nation against them . . . It wasn't long before we saw the pricetag for rebuilding Afghanistan . . .

And now we are winding down a war in Iraq that the budget doesn't fully account for . . .

Not to mention the pricetag for nation building which—from the looks of news reports of massive looting this morning—will be substantial.

In his first year in office the President promised that he could cut taxes . . . pay off the national debt . . . add new funds for education . . . launch a missile defense system . . . and—he insisted—take care of any emergency that might come along.

A lot of us were skeptical. We thought the tax cuts were too big . . . that the surpluses were overestimated . . . that the future was too uncertain. But unfortunately it was a vote we lost. He got what he asked for: a tax cut totaling $1.7 trillion, counting interest, over the next decade.

We have seen the results of that mistake—the results are right there in the hundreds of billions of dollars of red ink we are spilling every year.

Simple common sense tells us we must not make the same mistake again.

In ordinary times, these proposals would be bad tax policy, and bad budget policy . . . In these times, they are irresponsible, a failure to confront the challenges we face.

In the face of threats to our security, we are offered weaker Federal finances, with deficits as far as the eye can see . . .

In the face of a weak economy, we are offered a tax cut program that is a windfall for a few instead of jobs for the many who need them . . . In the face of a demographic wave that will overwhelm our Social Security system, we are told to borrow the system's reserves . . .

Let me conclude by suggesting that at a time when our Nation is challenged as never before, we are offered a budget policy that was devised to win a party primary 3 years ago.

Finally, we must be concerned—in these times above all others—about the question of fairness. When we are putting the lives of our men and women in uniform on the line, when we face security threats here at home, in the Middle East, and in Korea, when deficits are once again imbedded in our budget, we have to pull our Nation together.

It does make a difference how we pay for these goals. It is important that America believes we are in this war all together. We cannot send the bill for this to our children and our grandchildren—returning from this war—by returning to another era of deficits. And they are young men and women in their teens and early twenties.

We cannot—in these times above all other times—cut taxes for a small fraction of Americans while we face the unknown costs of reconstructing Iraq and maintaining our security.

Right now, I think the best thing we can do is forego any tax cuts that are not paid for and that are not part of a short-term stimulus package, and forego spending increases, as well, unless they are for homeland security and national defense because anything else—anything else we do, in my view—is just wrongheaded.

In terms of the fairness of this, I will conclude by saying, if one's definition of fairness in a tax cut is to give taxpayers in middle income about $250 this year—with this tax cut—while those with incomes over $1 million get $90,000, and those in the top 1 percent—meaning people making over $317,000 a year—get $24,000 a year, and the kid coming home—with the average pay being paid for a kid who is fighting over there in Iraq now—their tax cut will be $100 on average, give me a break about how this is fair—beyond being wrongheaded and counterproductive economic policy.

I thank my colleague for the time.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, just for the information of our colleagues—I appreciate the comments that have been made by many of our colleagues—I think we are close to wrapping this up. I inform people it is our expectation we will be voting probably no later than 5:30. So if colleagues are off Capitol Hill, at least they can have that in mind. The rollcall vote will probably be starting maybe at 5:20, 5:25, 5:30. So I just want to make that notification.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I thank the chairman and want to echo that for Members on our side. We are very close now to being able to go to the final vote.

How much time remains on our side, Mr. President?

The PRESIDING OFFICER. Fifteen and a half minutes remains.

Mr. CONRAD. Fifteen and a half minutes.

Could I yield 10 minutes to the Senator from New Jersey?

Mr. LAUTENBERG. I would appreciate that. And I will make sure that I do not run longer than that.

Mr. CONRAD. I appreciate very much the Senator from New Jersey, who is the former ranking member of the Budget Committee, and, of course, has a history of extraordinary success in the private sector as well as tremendous contributions in the public sector.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I thank my good friend and colleague from North Dakota. I think perhaps my tenure as ranking member was the last time we had a balanced budget. But that is intended to be a joke, and I hope the Parliamentarian so notes it.

Mr. President, the conference report to the fiscal year 2004 budget resolution is a curiosity at best. This piece of legislation, if it is adopted, will likely become as notorious, perhaps, as the Smoot-Hawley Tariff Act of 1930.

When President Bush assumed office in January of 2001, he inherited a 10-year surplus forecast, according to the nonpartisan Congressional Budget Office, of $5.6 trillion.

Now, if this budget resolution is adopted, instead of a surplus, we are going to wind up with close to a $2.0 trillion deficit, according to CBO.

A Republican President and a Republican Congress are presiding over a 10-year $7.6 trillion reversal of economic fortune. And they are going to blame it on the recession that began in March of 2001, and they are going to blame it on 9/11, and they are going to blame it on the war against terrorism, the war in Afghanistan, and the war in Iraq.

No, no, no. The single biggest contributor—and everybody should listen carefully and look at the numbers to confirm this—the single biggest contributor to that deficit is the 2001 tax cut, which the President wants to make even bigger, even longer.

The administration and its allies in Congress will say that tax cuts are necessary to ''grow'' the economy. The only things growing in our economy are the number of people without jobs, the budget deficits, publicly held debt, and interest payments on that debt.

There is an old saying: When you're in a hole, quit digging. And that is what we ought to do.

One would think that much would be obvious to the administration and its Republican friends in Congress. Hundreds of prominent economists—literally hundreds—including 11 Nobel prize winners, have come out against these tax cuts.

It sounds like plain, old common sense to me. But the administration and those who control Congress seem immune to that kind of common sense—the kind of common sense that ordinary working families and business leaders from the smallest to the biggest companies use every day: spend less than what you take in.

I will tell you why the administration and the Republicans in Congress seem to be immune to common sense: It is the triumph of a political ideology over good fiscal management. Our Government, paradoxically, is now in the control of people who hate Government.

The tax cuts are not really meant to stimulate the economy; they are deliberately intended to reward well-heeled friends and create a budget crisis that forces us to cut important programs and permits them to turn the jobs of hard-working, loyal Government employees over to private sector contractors who claim they can do things at a cheaper price.

There's a problem with this scheme. People who depend on the programs will get hurt and on the job front, we just converted a huge baggage screening operation at airports across the country, with 28,000 employees, to the Federal Government because the private sector was handling it so poorly.

Republicans have a name for this ''deliberate deficit'' strategy. They call it ''Starving the beast.'' Don't take my word for it. Listen to the words of two influential Republicans, economist Milton Friedman and activist Grover Norquist.

On January 15, the Wall Street Journal ran an op-ed piece written by Milton Friedman, entitled, ''What Every American Wants.'' Part of what he wrote reads as follows:

> . . . how can we ever cut government down to size? I believe there is one and only one way: the way parents control spendthrift children, cutting their allowance. For government that means cutting taxes.

That's Milton Friedman's interpretation of Congress: spendthrift children.

He went on to say:

> . . . Resulting deficits will be an effective—I would go so far as to say, the only effective—restraint on the spending propensities of the executive branch and the legislature.

He concluded by saying:

> . . . a major tax cut will be a step toward the smaller government that I believe most citizens of the U.S. want.

The last part is a pretty breathtaking statement for someone who has never been elected to any public office. But more important, the op-ed piece reveals the utterly cynical strategy of deliberately creating deficits ''as far as the eye can see'' until the public becomes sufficiently alarmed to demand some responsibility out of its elected officials.

I also mentioned Grover Norquist who heads Americans for Tax Reform. On May 21, 2001, Mr. Norquist appeared on National Public Radio's ''Morning Edition'' and said:

> I simply want to reduce it [government] to the size where I can drag it into the bathroom and drown it in the bathtub.

Interestingly, Mr. Norquist, who is another person who has never been elected to any public office, denied making such a statement in a more recent interview with Bill Moyers. But, as the saying goes: You can look it up. I have the transcript.

> I simply want to reduce it [government] to the size where I can drag it into the bathroom and drown it in the bathtub.

So, according to Messrs. Friedman and Norquist, elected officials are nothing more than spendthrift children and government—Social Security and Medicare, environmental protection and Pell Grants, national parks and the Coast Guard, veterans' benefits and disaster relief, the SEC and the FBI and all other hard-working, loyal Federal employees—are all things that should be drowned in the bathtub.

If this budget resolution is adopted, unified deficits will reach record levels in 2003 and 2004 of $347 billion and $350 billion, respectively, and will total more than $1.7 trillion through 2013.

Excluding Social Security, deficits will reach $558 billion in 2004—that is the coming year—and will exceed $400 billion in every year through 2008, and will total more than $4.5 trillion by 2013.

When the government runs deficits long enough, then Congress has to raise the debt ceiling. That is what happens. If we spend too much or, in this instance, cut revenues too deeply, the government has to go ahead and borrow money to meet its needs.

The majority doesn't have the courage and probably doesn't have the votes to bring up free-standing legislation to increase the debt limit. So they resorted to a ploy: Under House Rule XXVII, adoption of the conference report before us will result in the House being ''deemed'' to have passed a joint resolution increasing the statutory limit on the public debt.

This conference report states that the conferees anticipate that the debt ceiling will be raised from $6.4 trillion to nearly $7 trillion, an increase of $984 billion. That is the single biggest increase in the debt limit in history, surpassing the $915 billion increase the first Bush administration needed in 1990.

The debt ceiling was under $6 trillion when this administration took over, and we were actually moving away from it because we were running budget surpluses. If we adopt the administration's budget blueprint today, the debt ceiling will have to be doubled to $12 trillion by 2013. That is an extra $6 trillion in debt.

The amounts are staggering. It is hard to put them into a format that everybody can understand, but I'll try: this extra $6 trillion amounts to $21,429 worth of debt for every man, woman, and child in America.

This is what is happening while we are at war and with the baby boom generation on the verge of retirement. It would be impossible to mangle things so badly by accident. It can only be done by design.

The triumph of ideology may bring joy to those currently in power; the ideologues in control may think that their ''starve the beast'' strategy will make our country stronger. But the problem with ideologues is that they shape reality to fit their ideology. It should be the other way around.

To paraphrase Ronald Reagan, ''the trouble with our conservative friends isn't that they are ignorant, it's just that they know so much that isn't so.''

Destroying the Government will not stimulate the economy. It will cripple it. Starving the beast will not strengthen our Nation. It will weaken it, immeasurably and perhaps permanently.

I urge my colleagues to vote against this budget resolution conference report that is as cynical as it is reckless.

I yield the floor.

MENTAL HEALTH PARITY ASSUMPTION

Mr. DOMENICI. Mr. President, I compliment my friend from Oklahoma and the Chairman of the Senate Budget Committee on a job well done. He has skillfully navigated a difficult course to produce the budget conference report before us today. Congratulations.

I would like to raise the issue of mental health parity as the Senate debates the FY 2004 Budget Resolution Conference Report.

It is my understanding the conference report before us assumes the revenue impact of enacting a mental health parity law by using the Congressional Budget Office score for S. 543 from the 107th Congress of $5.4 billion over 10 years. However, I want to make sure that this is indeed the case because the assumption I just mentioned is not specifically referenced in the conference report. Rather, the overall revenue number is such that it assumes Congress will pass mental health parity legislation.

Mr. NICKLES. I understand the concern of the distinguished senior Senator from New Mexico about mental health parity, and I would concur with my colleague's assessment. The conference report does assume the revenue impact of enacting mental health parity legislation.

Mr. DOMENICI. I thank the distinguished Chairman for his consideration and explanation of this important matter.

Mrs. MURRAY. Mr. President, I rise today to express serious concerns about the budget resolution conference report. This is a 10 year blueprint for disaster that ignores the real priorities of working families. It eliminates all of the gains we made in the Senate that addresses the real fiscal challenges we face, while setting the Nation on a course of fiscal irresponsibility. This budget's contents and consequences will hurt the health of our nation.

The budget agreement before us, which I want to point out was filed late last night, takes us back to the failed economic policies of the 1980's that resulted in a tripling of the national debt. It also builds on the failed economic record of this administration.

Since the President took office in 2001, we have lost 2.6 million private sector jobs. Many of these jobs were in the high tech and manufacturing industries so important to Washington State, which is one of the reasons our State has one of the highest unemployment rates in the Nation. The number of people unemployed for 6 months or longer has tripled. Real business investment has fallen. And finally, the $5.6 trillion 10 year surplus that this administration inherited has been converted to a $2 trillion deficit in a little over 2 years.

America's finances are deep in a hole, but rather than reaching for a ladder, this budget proposes a bigger shovel. Rather than trying to reverse the downward spiral, this budget drags us deeper and deeper into debt.

The agreement is also deceptive and uses parliamentary tricks to achieve a $550 million tax cut for the few. It also calls for hundreds of billions more in tax cuts to make permanent the failed 2001 tax cut. After 2 years, we are still waiting for the "economic stimulus" that was promised from that tax cut.

Despite the claims of my Republican colleagues, these new tax cuts will provide little relief to working families and will have little, if any, economic stimulus. We need a real economic stimulus plan now. We need to invest in the American workers and businesses now, not 5 years from now. The only way to get this economy going is to invest in economic development and growth, not in ineffective tax cuts targeted to the most affluent.

This budget agreement not only fails our families, it will leave millions of children behind. When the President signed the No Child Left Behind Act, he made two promises: First, schools would be held accountable for their progress. And, second, schools would be given the resources to meet these new requirements.

These two always went together—otherwise schools can't make real progress. But the Republican leadership in Congress and the President have broken their promise to our children by not providing the necessary resources.

I was proud that the Senate accepted my budget amendment to increase funding for No Child Left Behind by $2 billion. But the House conferees have stripped out even that modest increase in education.

Congress still has an obligation to fund the new requirements that we imposed on local schools. This commitment means we must provide $9 billion to fully fund the No Child Left Behind Act. Unfortunately, this budget agreement will reduce funding for education over the 10 years. It holds domestic spending on education to roughly half the rate of inflation over 10 years. That means that each year our commitment to education will be less than the rate of inflation. This is the wrong direction. In order to strengthen our economy, we need to invest in tomorrow's workforce by investing in education.

This budget agreement also falls short in supporting our transportation infrastructure. We know that transportation problems plague our biggest cities and isolate our rural communities. In my home State of Washington, our inadequate transportation network is hindering our economy, our productivity and our quality of life.

When we make sound investments in our transportation infrastructure, we create good jobs today, and we build the foundation for our future economic growth. Making our transportation systems more efficient, more productive and safer, we will pay real dividends for our economy and our communities.

This agreement provides little hope to seniors for a comprehensive, affordable Medicare prescription drug benefit. This agreement will allow for the block granting of Medicaid and the elimination of the entitlement. It offers no long term increase in the Federal match for Medicaid. In my home State of Washington, Medicaid could be faced with a $2 billion shortfall. This will mean cuts in programs for the uninsured and massive reductions in nursing home reimbursement. I fear this could lead to hospitals and nursing homes being closed, and that more doctors could refuse to see new Medicare and Medicaid patients.

There are many of us in the Senate who have worked hard to strengthen public health and increase our investment in biomedical research. This is a commitment in prevention and long term savings in health care. We have seen the results of doubling NIH and the impact this is having on conquering diseases such as cancer, MS, Parkinson's and diabetes. Yet this agreement leaves little hope that we can maintain this investment.

I would have to echo the comments of the Senator CONRAD. This budget is reckless, extreme and backwards. Perhaps the saddest conclusion is that this budget fails to invest in our families and our communities.

I urge my colleagues to oppose this dangerous course and work today to strengthen our economy and invest in real economic development.

Mr. DODD. Mr. President, I rise today in strong opposition to the budget resolution which my colleagues and I will be voting on this afternoon.

First of all, I take serious exception to what has gone on here with respect to this year's budget resolution process. In all my years in Congress I have never seen anything quite like it.

The budget resolution we are voting on today is different than the resolution passed by the House early this morning. This resolution creates an unprecedented "point of order" which ties the hands of the Senate by creating competing procedural paths between the House and the Senate for approving the size and nature of these proposed tax cuts.

This is like a business keeping two sets of books. That is shady practice for a business and it is awful policy for this Nation's economy.

But, more importantly, I believe that no matter how you look at this budget resolution it is extraordinarily fiscally irresponsible and will lock our Nation into years of record deficits and a skyrocketing national debt.

I believe this resolution is profoundly unfair—providing hundreds of billions in tax cuts for the most affluent Americans who need them least, while slashing critical services from the American families who need them most.

I believe that this resolution will be fundamentally ineffective in addressing the major challenges our Nation currently faces.

I was in this Chamber in the early 1980s, when we debated the utility of enormous tax breaks benefitting mostly the wealthiest Americans and richest corporations. I was in this Chamber the last time we heard arguments about how passing large tax breaks and accepting huge deficits now will lead us to economic prosperity down the line.

And I was here to witness what those breaks and deficits wrought on the American people: greater unemployment, lower growth, more homelessness, more poverty.

For many of us, this budget resolution is—to quote Yogi Berra—''deja vu all over again.''

President Reagan was a remarkable man, who filled America with a sense of pride and optimism, at a time in our history when such feelings were sorely lacking. But that doesn't mean his fiscal policies were good for America. They were reckless policies that led us down the wrong path.

I was one of a handful of Senators who voted against the Reagan tax cuts in 1981 and 1982. And history shows that the budget policies of the early 1980s were enormously destructive to the fiscal health of our Nation—the shameful legacy of which lasts to this very day.

Our Nation's Federal budget deficit rose from $74 billion in 1980, to $221 billion in 1986, and peaked at nearly $300 billion in 1992.

In 1980, our national debt stood at $712 billion. By 1990 it had reached $2.4 trillion.

Well, ''here we go again.''

Here we are, once again, voting on an extraordinarily reckless budget, based on disproven and discredited economic theories.

The philosopher George Santayana once said, ''Those who fail to remember the past are condemned to repeat it.''

Our collective failure to remember the past, will be, in my view, far worse this time around than the first time we made these mistakes in the 1980s.

This budget resolution locks in the largest deficits in our Nation's history. This year alone, the budget deficit could reach as high as $600 billion. That's more than twice as high as the highest annual deficit ever recorded in American history.

According to the Republicans' own analyses, if these tax cuts are enacted, the deficits over the next 10 years will total as much as $6.7 trillion.

If these tax cuts are enacted, our national debt, which currently stands at a whopping $6.4 trillion—thanks, again, to the budget policies of the 1980s—will rise as high as $12 trillion.

Frankly, I am shocked that we are about to pass a bill that is almost universally recognized as an enormous fiscal mistake.

Even many of the Republican's own hand-picked economic officials concede that the Bush economic package will likely do little to spur growth, and could well stifle it.

This is profoundly unfair—tax cuts for the wealthiest Americans while all others are making enormous sacrifices—including some in Iraq who are right now prepared to make the ultimate sacrifice.

During past Congresses and past administrations, the American people have always been called upon to share the burden that is brought about from conflict.

They have done so by buying government bonds and by even paying higher taxes if necessary to support our troops in times of war. Americans made these sacrifices with a sense of pride because they recognized it as their responsibility.

What past administrations and Congresses did not do was consider tax cuts for the wealthiest Americans while their troops were in battle, which is what this administration and the majority in Congress are doing.

I believe we missed an enormous opportunity here. I believe that we had an historic obligation and an historic opportunity to set our fiscal house in order this year.

We had an opportunity to take enormous steps toward fiscal responsibility, a balanced budget, and economic prosperity. Instead, the agreement that we are voting on today will bring about record-high deficits and will significantly shortchange families across America.

As I said, this resolution is irresponsible, unfair, and ineffective.

It is highly irresponsible in the middle of a war, and in the midst of a severe economic downturn, to have a budget reconciliation bill with more than $1.2 trillion in tax cuts as its centerpiece.

The other centerpiece of this budget resolution is, of course, cutting crucial funding for our national priorities—including homeland security, education, and health care.

And for what? To pay for a tax cut for the wealthy.

While offering tax breaks of up to $90,000 for the most affluent among us, this resolution cuts more than $7 billion over 10 years in services for America's veterans.

As tens of thousands of our young men and women return from the Persian Gulf, we will reward them with cuts to their health care benefits, their education grants, and their opportunities to get ahead.

While assuring the richest of the rich will receive an unprecedented financial windfall this year and over the next 10 years, we are severely shortchanging our children's education—underfunding Title 1 by $5.8 billion, falling short of funding for the ''No Child Left Behind Act'' by roughly $8 billion, and slashing $400 million from after-school programs, which will force nearly 600,000 children out on the street after school.

While making certain the bank accounts of the wealthiest Americans are secure, this budget fails to provide the funding necessary to make certain our homeland is secure.

Money has been slashed for the FIRE grants program—which helps fire departments nationwide obtain the equipment and training they will need to effectively respond to new threats.

And cuts have also been made to the COPS program and other programs critical to our defense against terrorism.

We must attack head-on the argument that says that this tax cut is essential to our economic recovery. Just saying it is, does not make it so. Contrary to the belief of some on the other side of the aisle, deficits do matter. They lower future economic growth by reducing the level of national savings that can be devoted to productive investments—because more and more of the budget will be used to pay past debts, not to put into productive investments.

They exert upward pressure on interest rates, which will mean higher rates for mortgages, new cars, business loans, and education loans—which serve as a de-facto tax on our hardest-working families. They raise interest payments on the national debt. And they reduce our fiscal flexibility to deal with the unexpected.

If we do not take action now to bring these growing deficits under control, those who endorse this document, in so doing, help to create the first generation of Americans less well off than their predecessors.

The prosperity we had in the 1990s did not just come about from one day to the next. It came about through wise and tough decisions from the private and public sector. It took decisions to put an end to smoke and mirror accounting and budget gimmicks. It took tough decisions geared toward fiscal discipline and long term prosperity.

Just 2 years ago, when President Bush first came into office, the Congressional Budget Office projected a surplus of $5.6 trillion over 10 years. And now we are projecting record deficits of up to $6.7 trillion over 10 years. That's a $12.3 billion decline in our Nation's budgetary health and economic prospects.

This administration and the majority of this Congress are digging an enormous hole for our national economy. Their solution is more shovels and more digging. This does not strike me to be the wisest or most responsible course of action to take.

I strongly oppose this budget resolution and urge my colleagues to vote against it.

Mr. HARKIN. Mr. President, our nation is at an economic crossroads. This budget resolution conference report is an important document, setting out a course of policy for the coming decade. I oppose this resolution. I believe it takes us dangerously in the wrong direction as a country.

We face a demographic shift as the baby boomers retire. We need to provide for the costs of Social Security and Medicare in the coming decades. I believe the elderly deserve a decent prescription drug benefit. We must provide a quality education for our children in an ever more competitive world where a large part of our advantage is the skills of our workforce.

Prior to the 2001 tax bill, we were on a path to eliminate publicly held debt and to meet those needs. Now, the President is again proposing tax cuts of a similar size despite the fact that the surpluses predicted in 2001 have totally disappeared. Those projected surpluses have been replaced by record deficits. We may have historic deficits near $400 billion this year and next.

The ranking member of the Budget Committee explained earlier today on the floor that the largest single factor in turning surpluses to deficits has been that 2001 tax cut. That tax cut, which I opposed, is more responsible for deficits in the long term than the downturn of the economy, and more responsible than the new spending on defense and homeland security that was made necessary by the attacks of 9–11.

The President's new proposed tax cuts are largely provided for in this budget resolution—over $1 trillion worth. If made permanent, their cost to the Treasury will be larger than the entire projected shortfall in both Social Security and Medicare over the coming 75 years.

The proposal before the Senate is radical. So-called supply-side economics, manifested in the 1981 tax cut, brought us huge deficits in the 1980s. Unemployment skyrocketed from 7.4 percent to 10.8 percent in just 15 months. Supply-siders tried again in 2001, and we have lost 2 million jobs. Now we are being asked to bet the farm for the third try. The economists who are so sure that this third bet will work are the same ones who predicted economic destruction when we passed measures to balance the budget in 1993, which led to strong economic growth.

The budget resolution will produce $1.7 trillion in new Federal Government debt. That debt will compete with the private sector for funds, driving up interest rates. And it puts a break on economic growth, especially harming the housing, auto and agriculture sectors.

The Congressional Budget Office has concluded that the President's plan—which is very similar to this resolution—would actually reduce economic growth by almost 1 percent. The CBO, now under a just-departed member of the President's Council of Economic Advisors, did an analysis of the budget proposal under so called dynamic scoring. The supplysiders say that economic analysis will show how much good the budget will do. What did it show? More debt.

I believe that a short term economic growth package could be very helpful. We could make temporary tax relief available to working families immediately and provide financial assistance to states facing fiscal crisis. That would be stimulative. But the budget resolution proposes that only 5 percent of the tax cuts will be available this year. The proposal assumes that a huge share of the tax cuts will go to the very wealthy, those making $300,000, $500,000, and far more than a million dollars a year. There is nothing stimulative about such a proposal.

We need a budget that is balanced, that takes the approach that we need to reduce the debt to take care of the baby boomers and provide for a decent drug benefit for the elderly. Clearly, the $400 billion proposed for prescription drugs and other medical reforms is far too low for that purpose. The total drug cost of the elderly in the coming 10 years is estimated to be $1.8 trillion. While we should not cover all of that cost, far less than a quarter is not enough.

We need a budget that provides for more for the education of our children. This budget calls for education spending that is $4 billion less than the Senate measure for the coming year and $20 billion below that level over the coming 10 years. No Child Left Behind is not adequately funded. IDEA, a program Congress promised to provide 40 percent of the funds for decades ago is still grossly underfunded, meaning higher property taxes in almost every school district in the country.

Mrs. FEINSTEIN. Mr. President, I rise to state my opposition to the fiscal year 2004 budget conference report.

At a time when the United States is engaged in a war and will shortly begin a massive reconstruction effort whose costs are still unknown, at a time of growing deficits and rising debt, and at a time of increasing entitlement spending and increasing interest payments to service that debt, it is highly irresponsible for Congress to engage in such unprecedented maneuvering and gamesmanship to try to force through an overlarge, unstimulative, and unnecessary tax cut.

The parliamentary maneuvering is unprecedented. A conference report is supposed to reconcile differences between the two bodies, but this conference report sets up a mechanism by which two different figures for a tax cut can be considered. It is a clear effort to make an end run around the Senate rules and procedures by advocates of large and irresponsible tax cuts to avoid a vote they know that they simply can't win. It makes no sense, and I urge my colleagues to vote against this conference report.

When President Bush assumed office in January 2001, the Congressional Budget Office projected a budget surplus of $5.6 trillion for fiscal years 2002 through 2011. But under this budget resolution, there will be a deficit of $1.95 trillion. That is a $7.6 trillion turnaround in 2 years.

For fiscal years 2003 and 2004 alone, deficits will reach $347 billion and $385 billion respectively if this budget resolution is adopted, and this does not include the cost of the war or the reconstruction of Iraq.

This conference report provides for tax cuts of $1.3 trillion over the period 2003–2013. With interest the full cost of this tax cut is $1.6 trillion. And in an unprecedented move, the amounts of the tax cut that are reconciled are different in the House and Senate. The reconciliation instructions to both the Senate Finance and House Ways and Means Committee say that tax cuts up to $550 billion over 11 years can be reported.

A special rule prohibits consideration in the Senate of the reconciliation bill that costs more than $350 billion, but it allows the Senate to consider a reconciliation conference report that costs up to $550 billion. This would establish a precedent that could be used in the future to play all kinds of games with the budget resolution. It is a bad solution to an impasse and should be rejected.

There is also an urgent need to fund many priorities which are not dealt with in this budget, and those needs are not likely to disappear over the next decade. Those priorities include, among others: The war in Iraq and the subsequent reconstruction of Iraq, including a 90 billion supplemental appropriations conference report coming to this body shortly; the President's No Child Left Behind education initiative; homeland security; a full prescription drug benefit in Medicare.

Many priorities that are important to Californians are either cut or eliminated altogether, most notably funding for the State Criminal Alien Assistance Program. If that program is eliminated, the burden of processing and incarcerating criminal aliens will fall entirely on thinly-stretched State law enforcement budgets.

When faced with the choice between supporting a bad budget and no budget at all, I must choose the latter.

I support a budget which faces our fiscal needs head-on, even when an economic downturn forces us to make tough choices, and which resists the temptation to further increase the debt burden on future generations of taxpayers. This is not that budget. I urge my colleagues to vote against the budget conference report.

Mrs. BOXER. Mr. President, the budget that passed the Senate was bad. This budget is worse. Though the budget is supposed to set priorities, this budget does not reflect America's priorities.

Overall, for domestic needs, this budget cuts $6.9 billion from what was passed by the Senate. That means less for education, less for health care, less for homeland security. It means $4 billion less next year for education than what passed the Senate—and $20 billion less over the next 10 years.

This budget begins by failing our kids. It provides $8.9 billion less than what was promised in the No Child Left Behind Act, which was signed into law with great fanfare just 1 year ago. That would leave millions of kids behind, and in the program to help States educate disadvantaged children, it would leave more than 600,000 California kids behind. This budget also cuts after-school programs by 40 percent—kicking

570,000 kids nationally and over 81,000 kids in California out of their after-school programs.

This budget fails our young people struggling with rising college tuition. Conferrees stripped out the Senate provision to increase Pell grants for 4.8 million students nationwide and for almost 600,000 students in California. That means a loss of $165 million in Pell grant aid for California students.

On health care, this budget fails to address national needs. This budget stripped out the Senate provision adding $38 billion to help the uninsured get health care. On prescription drugs, this budget accepts the President's plan to force seniors into HMOs in order for them to get help to pay for needed medicines. It cuts $100 million over 10 years in Medicaid—putting at risk health care for sick and needy children, their parents, the disabled, low-income workers, and the elderly.

On homeland security, this budget leaves us less secure. This budget stripped out the Senate provision providing an additional $2 billion over the next 2 years for port security. This budget cuts support to State and local law enforcement by over $1 billion, including eliminating all funding to hire more police officers and put more police in the schools and eliminating funding for the local law enforcement block grant program. It provides no increase in funding for first responders—those on the front lines of a possible terrorist attack.

Incredibly, this budget eliminated the Senate provision that set aside almost $400 billion to strengthen Social Security.

For highways, this budget is nearly $25 billion less over the next 6 years than the Senate bill. For transit, it is over $7 billion less over the next 6 years. These cuts will make it difficult to pass a transportation bill—a key to economic growth and alleviating the traffic problems in California.

On the tax cut, the budget does too much for the wealthy when more targeted tax cuts with broad benefits would bring dramatically more positive results. This budget increases the overall tax cut to $1.3 trillion over 10 years. The reconciliation tax cut was increased from $350 billion to $550 billion. This was done in order to pass a tax cut that provides 80 percent of the benefits to the richest 10 percent of Americans—and a dividend tax cut that gives 49 percent of the benefits to the richest 1 percent of Americans.

I support tax cuts. I support tax cuts that help working people and target growth. I support Senator SCHUMER's effort to make up to $12,000 per year in college tuition costs tax deductible and create a $1,500 tax credit to help college graduates pay off their student loans. I support increasing the child tax credit and providing a $2,000 tax deduction to help people pay for health insurance. I also support lowering the tax for 1 year on the transfer of capital from abroad for companies willing to invest the savings in jobs at home. And I support increasing the expensing deduction for small businesses. But we can do all of that in a fiscally responsible manner. That is not this budget.

This budget favors the wealthy, turns our priorities upside down, and returns us to the days of exploding deficits and debt. I will vote against it.

Mr. FEINGOLD. Mr. President, I will vote against this budget resolution. The Senator from North Dakota has stated that this may be the worst budget this body has ever considered. It is hard to dispute that statement.

The tax and spending policies outlined in this resolution are reckless. There is no other word for it. Over the 11 years covered by this document, from FY 2003 through FY 2013, the budget resolution produces annual deficits that by themselves would cause concern in any one year. In total, their effect is far worse. The additional debt run up over the 11 years covered by this budget resolution is an absolutely astounding $4.5 trillion.

That is simply an astounding number, $4.5 trillion in debt created just by this document.

According to Budget Committee staff, the budget resolution policies will produce a $2.4 trillion deterioration in the budget outlook for 2003 through 2013 relative to the Congressional Budget Office March 2003 baseline projections. Most of that comes from the $1.3 trillion in tax cuts provided for by this resolution.

Let me quickly add that the true cost of the tax cuts is even higher because we are just charging their cost on the government credit card. If you include the interest costs that arise because we don't pay for these tax cuts but borrow it by running up more debt, then the true cost is $1.6 trillion.

Who will pay for all of this? As the Nobel Prize winning economist Milton Friedman famously said, ''there is no free lunch.'' Someone will be stuck with the credit card tab this budget runs up.

The answer is that our children and grandchildren will have to pay for all of this. The tax cuts and spending increases we pass today will be paid for by our children and grandchildren. That is precisely the tradeoff this budget makes. Tax cuts and increased spending for us, and our kids will have to pay the bill.

The budget policy advanced by this resolution is not sustainable. The $4.5 trillion in new debt produced by the policies outlined in this budget does not include the long term costs of the Iraq war or the cost of postwar occupation and reconstruction. It does not include the cost of addressing one of the most significant problems in the tax code, the expanding impact of the alternative minimum tax. And it makes fundamentally unrealistic assumptions about the spending accounted for in the discretionary accounts, the part of the budget where we find spending for defense, education, transportation, and other critical programs.

In a column that ran in the New York Times earlier this week, several distinguished members of the nonpartisan Concord Coalition offered some telling comments about the future we face under the deficits produced by this budget. This is what they said:

> Congress cannot simply conclude that deficits don't matter. Over the long term, deficits matter a great deal. They lower future economic growth by reducing the level of national savings that can be devoted to productive investments. They raise interest rates higher than they would be otherwise. They raise interest payments on the national debt. They reduce the fiscal flexibility to deal with unexpected developments. If we forget these economic consequences, we risk creating an insupportable tax burden for the next generation.

The Concord Coalition is right. This budget resolution is a prescription for fiscal disaster. The tax cut and spending policies it provides are grossly irresponsible. The budget enforcement rules included in the resolution are no better. Instead of extending the budget rules that have helped impose some fiscal restraint on Congress and the White House since 1990, this resolution rips a $1.5 trillion loophole in them for this year, and opens the door for unlimited fiscal mischief in future years.

It will be extremely difficult to recover from this budget resolution. As we have seen, our economy is resilient, but the damage done by this resolution will be with us for many years. The deficits resulting from the budget policies in this resolution extend as far as we can project. We can only hope that Congress will show more restraint than it has in the recent past, and forego the opportunity provided by this resolution to engage in a binge of fiscal self-indulgence.

Mr. REED. Mr. President, in 2001, at the President's urging, Congress passed the Economic Growth and Tax Relief Reconciliation Act, which provided $1.35 trillion in tax cuts over 10 years. While I have consistently voted to reduce the tax burden of working families, I voted against the President's tax cut because it left too few resources for debt reduction and came at the expense of reforming Medicare and Social Security, providing a prescription drug benefit, and supporting critical investments like education, the environment, and national defense. A year later, the economic evidence indicates that the President's 2001 tax breaks have had little positive effect on the economy.

The economy continues to be in a slump and, now, we are in the midst of considering another large round of tax cuts that would help wealthy Americans. These tax cuts would also come at a time of record budget deficits and would break from the longstanding congressional practice of not passing tax cuts in times of war.

The Republican budget resolution calls for $1.3 trillion in additional tax cuts over the next 11 years. In an unprecedented move, the House and Senate Republicans are including two reconciliation tax numbers—rather than one so they can use the reconciliation procedure to pass a bigger $550 billion tax cut. These tax cuts will add to long-term deficits and further impede economic growth.

Last week, the newly released labor market data confirmed again that there is a crisis facing America's working families. Mr. President, 108,000 more jobs were lost in March, including 68,000 in the private sector. There are 2.6 million fewer private payroll jobs than there were when the recession began.

Nationally, the number of long-term unemployed rose to 1.8 million in March, far higher than the 660,000 long-term unemployed in January 2001. There were 445,000 new unemployment insurance claims filed last week, up from 407,000 the prior week.

The economy is in as much trouble as it was in the early 1990s, if not worse. The latest study by the Joint Economic Committee shows that during the last 4 months that private sector job loss in the current recession is now larger and more serious than the private sector job loss in the 1990 recession.

With so many Americans out of work for far too long, the persistence of job losses and the clear signs of no economic recovery anytime soon, the need to pass another extension of unemployment insurance benefits is overwhelming. These benefits are set to expire on May 31, and the last time the extension was passed, it did not even include assistance to approximately one million workers who had exhausted all of their unemployment benefits and still found no work. Yet the budget conference report fails to provide for further extensions to help victims of this recession who are struggling to take care of their families and struggling to find work.

Furthermore, just yesterday the IMF, in its annual report, projected that the world economy would grow 3.2 percent this year, down from its previous projections. It expects the U.S. economy to grow 2.2 percent this year and 3.6 percent next year. Commenting on the current administration's economic plans, IMF research director Kenneth Rogoff said, "Suppose for a moment we were talking about a developing country that had a gaping trade deficit year after year as far as the eye can see, a budget ink spinning from black into red, open-ended security costs and an exchange rate that has been inflated by capital inflows. With all that I think it's fair to say we'd be pretty concerned. The U.S. isn't a developing country, but nonetheless, for the global economy, the tax cut . . . on top of ongoing security expenditures seems awkwardly timed." This comes from the IMF that was supportive of President Bush's first round of tax cuts.

With all this negative data and with no upturn in the economy in sight, this budget resolution also makes too many cuts to vital programs and services to pay for the administration's oversized tax cuts. The conference agreement endorses a majority of the tax cuts that were in the President's proposal at the expense of domestic investments that are integral to the recovery of the economy and the welfare of our citizens.

As columnist Bob Herbert observed in the New York Times last week, "With the eyes of most Americans focused on the war, the Bush administration and its allies in Congress are getting close to agreeing on a set of budget policies that will take an awful toll on the poor, the young, the elderly, the disabled and others in need of assistance and support from their government . . . It mugs the poor and the helpless while giving unstintingly to the rich." The Senate budget includes a reduction of approximately $168 billion in funding for domestic discretionary programs in fiscal year 2004. Approximately two-fifths of this funding consists of grants in aid to State and local governments. These cuts will worsen the already severe budget crises that States are facing.

This is a restrictive funding level for domestic discretionary spending, given the continued needs in the homeland security area, the underfunding of the education reforms in the No Child Left Behind Act, need for aid to the States, and the severe structural burdens facing Medicare and Social Security.

The administration and the majority need to stop pushing economic plans that reward the wealthiest Americans and abandon fiscal responsibility. Instead, they need to support real economic stimulus that would provide immediate one-time tax relief for working families, extend unemployment benefits and provide desperately needed fiscal relief to the States.

Lastly, this conference report includes a gross misuse of the reconciliation process which was intended to facilitate deficit reduction not deficit increases. Due to the majority's obsession with supersized tax cuts, they have devised a heretofore, unheralded mechanism, to subvert the Senate's right to amend legislation. Indeed, while many of my colleagues can say that while the Senate can enact only $350 tax cut, the sad truth is that this contrivance paves the way for a tax cut that is much larger than many of my colleagues on both sides of the aisle are willing to support.

The budget before us is lamentable, and I only hope that those who support it today will reassess their positions in the weeks ahead.

Mr. HOLLINGS. Mr. President, this is not a conference report, because we never conferred. This is not a concurrent resolution, because we never concurred. To stimulate the economy, the Republicans doubled the debt from $6 trillion to $12 trillion, which will wreck the economy.

This budget is a fraud.

Ms. SNOWE. Madam President, I rise in support of this conference agreement on the fiscal year 2004 budget.

Before I begin, I first want to commend the President for his leadership in initiating the debate on the necessity of stimulating our economy. From the beginning, I have shared his belief that we need to take steps in the short-term to strengthen our economic outlook, and the conference report before us provides us the opportunity to do just that.

I thank our majority leader for his unflagging perseverance in seeing this budget through to a final passage of this conference report. He has shown incredible patience, understanding of the various issues and viewpoints, and he has been willing to work tirelessly to ensure a budget resolution around which we can coalesce.

And in that same light, I want to commend my friend and colleague, Chairman NICKLES, for his Herculean efforts in forging and producing this budget. As I have said in the past, as a former member of the committee I know what goes into this process and Chairman NICKLES has tried to move Heaven and Earth to avoid the colossal failure we had last year under Democrat control when we failed to pass a budget for the first time. And I did not want to see a repeat performance; that would have been exactly the wrong message and completely counter to the interests of our Nation at a time when we are experiencing a troubled economy and when we are at war in Iraq.

The bottom line is, the budget is critical, because it imposes structure and discipline and defines the priorities in Federal expenditures. That should be a fundamental responsibility of Congress, and it was a regrettable lapse of leadership last year that we failed to pass such a resolution. So I want to thank Chairman NICKLES for his commitment to getting this done.

I also want to thank Senator GRASSLEY for his willingness to listen and to work toward a resolution of the concerns I have raised along with Senator VOINOVICH about the size of the tax cut package. It is because of their dedicated efforts—and let me say that Senator VOINOVICH has been steadfast in holding to his deeply held principles—that we have reached the compromise I will now discuss. In fact, it would be entirely accurate to say that without Senator GRASSLEY, we wouldn't have a budget.

I will be voting today for the budget resolution conference report we have before us because the resolution—in concert with commitments I have secured from Finance Committee Chairman GRASSLEY and from Majority Leader FRIST—and I ask unanimous consent that the letter from the majority leader detailing that commitment be placed in the RECORD—will both ensure that we impose on Federal spending the discipline of a budget blueprint, and that tax cuts will be limited to $350 billion through the Senate Finance Committee and floor consideration of any growth package, including any final conference report.

These are the two critical goals I have been working to achieve for the past 6 weeks of this budget debate—and I will ask unanimous consent that a copy of the letter I signed with Senators VOINOVICH, BREAUX, and BAUCUS calling for a limited tax cut of $350 billion as part of reconciliation be printed in the record. I am pleased that, with the assurances I have been given from Senator GRASSLEY and Senator FRIST both men of their word—my goals have been fulfilled.

One of the functions of our letter was to prompt a bipartisan budget resolution, and today that is what we have before us. Senator GRASSLEY has said very eloquently that the people want us to govern—that is our obligation, and I think by coming to this compromise agreement we have fulfilled that responsibility when it comes to the budget.

With the commitment we received, the budget provides funds for a strong, reasonably sized economic stimulus package that can create jobs and opportunities in the short term. At the same time, this agreement will assure that this tax package will be limited to $350 billion—an amount we believe is the right size to achieve this growth without ballooning budget deficits. Let it be remembered that Senator DASCHLE was proposing $112 billion and many in this Chamber wanted nothing at all, so $350 billion is a significant victory.

I want to be clear about what this budget does. The budget agreement provides instructions for both the Senate and the House of Representatives to write growth packages not to exceed $550 billion, and the Senate is further instructed that no tax package under budget reconciliation rules may be more than $350 billion.

To guarantee our position, I have secured language and commitments that neither the tax reconciliation bill reported by the Senate Finance Committee nor the tax bill voted out of the Senate may be more than $350 billion unless additional tax cuts are specifically offset or paid for. And, importantly, Senator GRASSLEY, the Finance Committee chairman, who will also chair the conference committee on the tax reconciliation bill, has provided his personal commitment that Senate conferees will not support reporting of a bill with tax cuts greater than $350 billion, unless additional tax cuts are specifically offset or paid for.

Once again, just as I trusted the word of the majority leader as we agreed to address extraneous special interest provisions in homeland security legislation last fall, so I trust the good word of Chairman GRASSLEY and Majority Leader FRIST. Moreover, this agreement provides written confirmation that the Senate will at no point consider the House-passed legislation, except when it is necessary to be sent to conference, and provides the protections we have sought to ensure a responsibly sized tax package.

I feel strongly about my commitment to a lower tax cut, and this agreement reflects the principles on which I have held firm throughout consideration of the budget.

As I said, from the start I have shared the President's belief that economic stimulus is demanded by the wavering conditions of our economy, which was already on shaky ground before the horrific attacks of September 11. We've lost 2.3 million jobs since the recession began in March 2001—nearly half a million in the past 2 months alone. And comparing today's employment situation with the one prevailing after the 1990–1991 recession—which was followed by a ''jobless recovery''—Charles McMillion, chief economist of MGB Information Services in Washington, recently told the Financial Times, ''The current jobless recovery has now lasted longer and is far worse'' than the aftermath of the 90–91 downturn.

Just this week, the Business Roundtable released results of a survey of CEOs on the economy that revealed a more pessimistic outlook for the economy than just 6 months ago. For example, CEOs were very concerned about employment growth and weak consumer demand. According to the survey, CEOs, on average, expect GDP growth to be only around 2.2 percent over the next 6 months.

We can't afford another ''jobless recovery'' like we had just over a decade ago—or, worse, a ''double-dip'' recession. At the same time, with the demands of our action in Iraq, with the need to fund pressing domestic issues such as the necessity for prescription drug coverage for seniors and for strengthening Social Security and Medicare, and with the deficits we have already seen in a dramatic turnabout from 4 years of surpluses—we also cannot allow ourselves to be drawn into another downward spiral of perpetual deficits.

This is a matter of principle, and one upon which I have stood since I first came to Congress—that a cycle of deficits must not be allowed to continue. If we act wisely, I believe we can provide significant tax relief to help taxpayers and business to get the economy moving, while also achieving fiscal discipline.

This budget is a responsible, well-balanced approach to stimulate our economy in the short term, and to protect our economy from the effects of unnecessary deficits in the long term. As we continue to confront global uncertainties that have cast a shadow over a domestic economy already on shaky ground even before September 11, I believe an immediate growth package is absolutely essential to help create both consumer demand and new jobs. As we move to the next phase in this process, I look forward to working with Chairman GRASSLEY and my colleagues on the Finance Committee to craft such a plan.

We must work to maintain a carefully calibrated plan that will produce short-term benefits for our economy, without jeopardizing long-term fiscal responsibility and economic growth. By capping the size at $350 billion, I believe we can do so without risking the types of deficits that could come from deficit-financing of long-term tax cuts.

At the same time, we will also pass a budget, which I believe is critical because it imposes structure and discipline on Congress, and defines the priorities in Federal expenditures. This is a fundamental responsibility of the Congress, and I am pleased we will be successful in passing a budget this year.

So I believe we should have a growth package in this budget. At the same time, given these unprecedented times and the confluence of circumstances by which they are defined—the economic uncertainties, the war in Iraq, new projections of higher budget deficits, the domestic fiscal challenges that lurk on the horizon with Social Security and Medicare, our responsibility to carefully evaluate the impact of any tax reductions and spending increases in this budget is that much greater.

That is the context in which we must shape a budget—indeed our projected deficits are at historic levels. What is required in this budget resolution is a careful calibration if we are to produce short-term benefit for our economy without jeopardizing long-term fiscal responsibility and economic growth. And let there be no mistake, just as the need for short-term economic stimulus is compelling, so, too, is the need to return to balanced budgets and indeed surpluses as soon as possible.

What it all comes back to is setting priorities. That is what we talked about all those years we were fighting for balanced budgets. We are here to draw lines and make distinctions so as not to exacerbate our economic situation and thereby lead to even greater problems down the road.

A look at the administration's budget shows substantial out-year deficits, even if productivity growth turns out to be higher than expected. If growth is just ''average'' we still face unsustainable budget deficits. This year, given the slow economy and the war costs, our deficits could be near 4 percent of GNP.

Recently, the Social Security and Medicare Board of Trustees reported that between 2010 and 2030, the costs of these programs will increase rapidly, with annual costs exceeding dedicated tax revenues beginning a dozen years before this 'baby boom' wave is over. And the trustees estimate Medicare will become insolvent 4 years earlier than predicted just last year. Importantly, these estimates do not include the addition of a necessary prescription drug benefit.

The bottom line is, we cannot diminish our ability to strengthen Social Security and Medicare. We were looking to the window of opportunity presented by a return to surpluses to prepare for these future challenges. But as we have seen over the past 18 months, projections of surpluses or deficits can change dramatically, and that opportunity has evaporated. Given the uncertainties we are facing today, given the challenges we face tomorrow—we must exercise caution now so that we do not exacerbate long-term deficits in the years to come, and threaten our ability to address America's long-term priorities in the future.

Once again, the President was right to offer a growth plan. But, we cannot ignore the impact of all of the challenges we face—the cost of war, higher defense spending, the retirement of baby boomers, higher health care spending, and homeland security.

This agreement gives us the chance to unite behind a consensus figure. A figure that is ''right-sized'', a figure that strikes the right balance and one that will allow us to stimulate the economy in the short-term. It represents the most effective and responsible way to stimulate the economy, while advancing a growth package that can achieve the strongest bipartisan support.

If we are to restore balance to the Federal budget, we must exercise fiscal discipline. This budget provides an important step in that direction and I urge my colleagues on both sides of the aisle to join me in supporting this conference agreement.

I ask unanimous consent that the letters that I referred to be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, DC, April 10, 2003.

Hon. CHARLES GRASSLEY,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR MR. CHAIRMAN: This will be a further clarification to the letter I sent to you earlier today.

It once again confirms my conversation with you and Senator Baucus concerning the consideration of a possible revenue reconciliation bill.

Should the Congress adopt a conference report for the FY 2004 Concurrent Resolution on the Budget, and should that conference report include reconciliation instructions to your Committee to report changes in laws to achieve tax reductions of no more than $350 billion, your Committee will not be bypassed, it will be responsible for reporting that reconciliation bill, and that bill will be the vehicle brought to the Senate floor for consideration.

After the Senate reconciliation bill has been advanced to third reading, you or I will move to the consideration of the House a bill, solely for the purpose of amending it with the Senate measure. I will prevent any effort including any unanimous consent requests to move to the House bill except for this purpose.

This is the historic and correct procedure for consideration of such legislation in the Senate. Further, both as a member of the Committee and as Leader, I look forward to working with you to comply with any reconciliation instructions to your Committee.

Sincerly yours,

BILL FRIST, M.D.,
Majority Leader.

U.S. SENATE,
Washington, DC, March 13, 2003.

Hon. BILL FRIST,
Majority Leader, U.S. Senate,
Washington, DC.
Hon. TOM DASCHLE,
Minority Leader, U.S. Senate,
Washington, DC.

DEAR MAJORITY LEADER FRIST AND MINORITY LEADER DASCHLE: With the international challenges our nation faces, including a possible military engagement with Iraq, continuing tension on the Korean Peninsula, and the ongoing war on terrorism, coupled with sluggish economic growth, we believe it is critical a budget resolution for Fiscal Year 2004 (FY2004) be enacted this year. We are committed to working in a bipartisan manner to this end.

We believe that our nation would benefit from an economic growth package that would effectively and immediately create jobs and encourage investment. We appreciate President Bush's leadership in identifying this need and beginning this important debate with his economic growth proposal.

Given these international uncertainties and debt and deficit projections, we believe that any growth package that is enacted through reconciliation this year must be limited to $350 billion deficit financing over 10 years and any tax cuts beyond this level must be offset. All signatories to this letter are committed to defeating floor amendments that would reduce or increase this $350 billion amount.

We look forward to working with you on a bipartisan budget.

Sincerely,

JOHN BREAUX.
MAX BAUCUS.
OLYMPIA SNOWE.
GEORGE V. VOINOVICH.

Mr. JEFFORDS. Mr. President, I had hoped to be here today to say that the Congress is enacting a blueprint for spending that would improve education, invest in our transportation and water infrastructure, and deal prudently with our ever-increasing projections of budget deficits. Unfortunately, this budget will accomplish none of these goals, and may in fact put this country in dire fiscal straits just as the baby boom generation places new and unprecedented demands on our Social Security and Medicare systems.

Let me begin by saying that I oppose the tax cuts authorized by this budget conference agreement. To call this a conference ''agreement'' is a misnomer; there has been no agreement. In the House, the tax cut allowed under the reconciliation procedure will be $550 billion; in the Senate, $350 billion. If the conferees on the tax bill ultimately agree to a cut larger than the Senate figure, the vote we take on that conference report will be a vote on tax cuts never approved by the Finance Committee or the full Senate.

Perhaps more importantly, this is not the right time for a tax cut. When we passed the 2001 tax cut, we were facing a 10-year budget surplus of $5.6 trillion. It made sense to return some of that projected surplus in the form of a tax cut. But things have changed, and changed dramatically. Unless there are dramatic cuts in spending—which no one realistically expects—we are facing deficits as far as the eye can see. On top of that, we face the unknown costs of the war in Iraq and its aftermath. It is irresponsible to cut taxes under these circumstances.

Perhaps some sort of tax cut could be justified if it stimulated the economy or if it furthered important national interests like education or health care. But the tax cuts being contemplated in this budget will go overwhelmingly to those at the top of the economic ladder—those who are least in need of help. These tax cuts will mean bigger deficits and a higher national debt. The costs for this folly will be borne for years by our children and grandchildren. And areas of national need will get short shrift.

Our Nation's transportation needs get short shrift in this budget.

As ranking member of the Environment and Public Works Committee, I am very disappointed by the treatment afforded to our Nation's roads, bridges, and transit systems in the conference report.

Just over a week ago, 79 Senators recognized the importance of our Nation's infrastructure and the vast need for investment by supporting a bipartisan amendment to increase surface transportation spending.

What has come back from conference is a dramatic cut in funding from the levels put forward by the Senate. We agreed in this body to highway program contract authority for reauthorization of $255 billion. The conferees set the level at $231 billion. While presented as a simple ''split-the-difference'' compromise with the House, the conference inserted provisions that will in fact reduce funding to levels only marginally greater than those authorized for TEA–21 and would barely cover inflation during the next six years.

Our highway program expires this year. Traffic congestion is a growing problem and freight needs are expanding rapidly. The States want us to review the program on time. The strength of the Nation's economy and literally hundreds of thousands of jobs are at stake.

I foresee great difficulty in enacting a transportation reauthorization bill with the numbers proposed in this budget resolution.

Our environmental programs get short shrift in this budget.

I am most disappointed that conferees refused to agree to the additional $3 billion in funding for the Nation's water infrastructure approved by the Senate. As I said during debate on the Senate floor, the estimates of the current funding gap in the areas of water and wastewater infrastructure are enormous. Accounting for inflation, overall funding for environmental programs will be $770 million below fiscal year 2003 levels. Real cuts in programs that keep our water, land, and air clean will have to be made.

Finally, education gets short shrift in this budget.

Earlier this year, the President emphasized that education and homeland security are integral to having a secure nation with a well-educated and training workforce that would grow and strengthen our economy.

At a time in our history when we are all focused on homeland security, it must be noted that education should be considered the centerpiece of our homeland security efforts. The best security for a nation is to ensure that every individual has the opportunity to receive a high-quality education, from prekindergarten to elementary and secondary education, to special education, to technical and higher education, and beyond.

The budget resolution before us severely underfunds key education programs. The Title One program, which is the heart of the Federal effort in elementary and secondary education, is $6 billion below the level authorized under the No Child Left Behind Act. The resolution also fails to provide for any increase in the Pell grant maximum award.

By authorizing large tax cuts in the budget conference report, we are severely damaging our education delivery system. This Nation has overwhelming needs in education, healthcare, and infrastructure. The tax cuts in this resolution should have gone to meet these needs.

Mr. President, a budget is a statement of priorities. As is clear from my statements, I will vote against this budget because I believe this budget's priorities are dangerously misguided.

Mr. FRIST. Mr. President, let me first congratulate Senator NICKLES. This is the chairman's first budget resolution, and I particularly thank him and his staff for all their hard work these last nearly 7 weeks to bring us to this point today.

It has not been easy, but the committee has met its schedule and completed the budget resolution ahead of the statutory deadline of April 15.

I understand this is the second fastest budget resolution conference agreement ever considered. Senators might be reminded that the last time we adopted a budget resolution in the Senate was almost 2 years ago on May 8, 2001, under the chairmanship of Senator PETE DOMENICI, at a time when the Senate was 50–50.

The Senate, for the first time in the 27 years of the Budget Act, did not adopt a budget resolution last year, did not even consider one here on the Senate floor. And I truly believe that our failure to complete 11 appropriations bills for fiscal year 2003 until just 8 weeks ago, was a direct result of not adopting a budget last year.

So having a budget resolution that we can vote on today, is not only important for how it will allow the legislative calendar to move forward in a more orderly manner, it is also important to the institution. The congressional budget process now is back in operation and that is important not only for today but for the future of how business is conducted particularly in this chamber.

Without a budget, chaos would rein in the legislative calendar.

Without a budget, there would be no fiscal discipline on our return from the upcoming recess.

Without a budget, we would have no enforcement provisions to control mandatory or discretionary spending. It would be open season on spending increases.

Without a budget, interestingly to my colleagues who are opposed to even the modest tax cuts assumed in this resolution, there would be no restrictions on any tax cuts, just as there would be no limit on any spending increases without a budget in place.

But more importantly, the fiscal blueprint before today, is the correct blueprint to provide for economic growth and job creation.

It is going to be absolutely critical that once we return from the upcoming recess that we focus quickly on adopting a tax reconciliation bill that will stimulate investment, increase demand, and begin to create needed jobs.

Equally as important this budget will provide for increased spending where it is needed to provide for homeland security and national defense.

And nondomestic spending will not decline but actually increase over 3.6 percent next year. A rate of growth consistent with the average American family's pay check growth. Government spending should grow no faster than families' income growth.

Mr. President, this is not, as the minority leader suggested, a difficult day. This is a good day to adopt a budget, the first one in over 2 years.

The PRESIDING OFFICER. Who yields time?

Mr. CONRAD. How much time remains on our side?

The PRESIDING OFFICER. Six minutes five seconds.

Mr. CONRAD. Mr. President, we anticipate now that the vote will start at 5:20. We want to alert our colleagues to that. Let me just wrap up, if I may. And then would the chairman like to conclude this debate?

Mr. NICKLES. Thank you.

Mr. CONRAD. All right. Mr. President, let's all understand what we are voting on. This is not a tax cut of $350 billion. There is a tax cut contained in this budget resolution for $1.3 trillion. There may be some side deals that have been arranged to reduce the reconciled amount of that tax cut, but the budget resolution before us provides $1.3 trillion in tax cuts. This is at a time of record budget deficits. We have the biggest budget deficits we have ever had.

The budget deficit for this year will be between $500 and $600 billion, not counting Social Security. If we treat Social Security the way it was intended and we don't take it and use it for other things, the operating deficit is between $500 and $600 billion this year.

This is advertised as a growth package, something that will grow the economy. In our analysis, nothing could be further from the truth. The deadweight of these deficits and debt will burden the economy for years. It threatens the economic security of our country.

This is the analysis of the people who were hired by the White House and the Congressional Budget Office to do the economic analysis. This is what they say:

> Initially the plan would stimulate demand by raising disposable income, boosting equity values, and reducing the cost of capital. However, the tax cut also reduces national saving while offering little new permanent incentives for either private saving or labor supply. Therefore, unless it is paid for with a reduction in Federal outlays, the plan will raise real interest rates, crowd out private sector investment, and eventually undermine potential gross domestic product.

In other words, this plan hurts the economy. It doesn't help it. It hurts it. That is the analysis of the people who are paid to do it by the White House themselves.

The White House's own budget document reveals the long-term circumstance we face: Exploding deficits as a result of exploding costs to the Federal Government from the retirement of the baby boom generation, coupled with exploding costs of the tax cut that is proposed and contained in this budget. The result: we never get out of deficit, ever, at least until the year 2050, according to the President's analysis. The deficits just get deeper and deeper and deeper, threatening the economic security of the country.

I close with this piece that appeared in the New York Times op-ed page on Wednesday. This is a piece done by six of our most distinguished colleagues: three former Senators—two Democrats, one Republican—two members of President's Cabinet in the past—one Republican, one Democrat—and Paul Volcker, former head of the Federal Reserve. I don't know his political affiliation.

They are warning us of the direction we are going. They conclude by saying this:

> Congress cannot simply conclude that deficits don't matter. Over the long term, deficits matter a great deal. They lower future economic growth by reducing the level of national savings that can be devoted to productive investments. They raise interest rates higher than they would be otherwise. They raise interest payments on the national debt. They reduce the fiscal flexibility to deal with unexpected developments. If we forget these economic consequences, we risk creating an insupportable tax burden for the next generation.

That is what is at stake here.

Are we really going to pass a budget that contains authorization for another $1.3 trillion in tax cuts, when we are already in record budget deficits, when we are in a war, the cost of which we do not know, and we are on the brink of retirement of the baby boom generation, which is going to explode the cost to the Federal Government?

Mr. President, anybody who votes for this budget is voting to increase the deficits by $2.4 trillion. It is precisely the wrong thing at this time. It is precisely the wrong thing. I urge my colleagues to vote no.

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma is recognized.

Mr. NICKLES. Mr. President, for the information of our colleagues, we are going to be voting momentarily. I have a lot of colleagues who say they want to catch planes, and a lot of the debate has cycled around once or twice. It has been a pleasure to work with Senator CONRAD. I am not totally surprised that he will not vote for the budget resolution—maybe a little disappointed.

I hope we return to the days of having bipartisan budget resolutions. There will be some Democrats who will vote for this. I hope there are several. When we passed this budget 3 or 4 weeks ago in the Senate, there were several Democrats who voted for it. I hope we will get several to vote for it today.

I have heard a lot of complaint about it, most of which is excessive tax cuts. I beg to differ. We have tax revenues over the next 10 years of about $28 trillion, and the reconciled portion of this tax cut, at maximum, would be $550 billion, but probably more like $350 billion. That is a small percentage. Some colleagues say: Wait a minute, there are more; in the outyears, there is $600 billion, and that is basically continuing present law. If you don't do that, you are going to have massive tax increases in 2011, 2012, and 2013. A lot of those tax increases will be on low-income people, raising their rate from 10 percent to 15 percent, reinstating the marriage penalty, or it would be eliminating the $1,000 tax credit per child. I don't want to do that. I don't know that we are going to do it this year. We don't have to do it this year. We should do something to stimulate the economy. We have a small stimulus package—$350 billion for the Senate.

So I hope our colleagues will support this package.

I will make one comment about deficits. Are deficits too high? You bet. Some people say—and I have heard this a lot—they were caused by excessive tax cuts in 2001. But I disagree with that. There are two equations: how much revenue you are taking in, and also how much money you are spending. We have been spending a lot of money because of national defense needs, because of homeland security and, frankly, Congress got in the habit of spending a lot of money during the later years in the Clinton administration when we had a lot of growth revenue. We had spending compounding at double-digit levels—12, 13, 14 percent. We cannot continue doing that.

This budget has fiscal discipline. It does say that the discretionary amounts, compared to last year prior to the supplemental, will grow at about 2.5 percent. We have caps on entitlements, points of order against growing entitlements, and we say that entitlement changes in Medicare should be limited to $400 billion after a bill is reported out of the Finance Committee. We didn't put that in reconciliation. We want Medicare, and we want a prescription drug bill, and we think we can get it as a result of this bill.

Last year, we had no budget. When we had no budget, we didn't get appropriation bills done. We didn't pass 11 of 13 appropriations bills last year because the House and Senate didn't have numbers with which they concurred. We didn't get a prescription drug bill. We didn't function or manage.

I urge my colleagues, let's not be totally focused just on the size of the growth package—and a lot of people have different opinions, such as it is not large enough, it is too big; some want zero, some want $350 billion, some want more, and some may want more than that. Let's also keep in mind that that is a tax figure over 10 years, and it is a very small percentage compared to what we are spending per year, which is $2.2 trillion.

This budget is the only game in town if you want to have any control over the growth of that total expenditure. We didn't pass the budget last year. If we don't pass one this year, the whole budget process is dead. I urge my colleagues, let's be fiscally responsible. This is the only game in town. For people to say, wait a minute, this is too high—the only thing they are talking about being too high is on the tax side. That doesn't count the trillions of dollars they were trying to add on spending.

I urge my colleagues to be responsible. Let's work together and pass a budget that can pass. This can pass. Let's reinstate some discipline that we didn't have last year. I urge my colleagues to support this budget.

I yield back the remainder of my time and I ask for the yeas and nays on the conference report.

The ACTING PRESIDENT pro tempore. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the conference report.

The clerk will call the roll.

The legislative clerk called the roll.

The VICE PRESIDENT. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 50, nays 50, as follows:

[Rollcall Vote No. 134 Leg.]

YEAS—50

Alexander	Crapo	Kyl
Allard	DeWine	Lott
Allen	Dole	Lugar
Bennett	Domenici	McConnell
Bond	Ensign	Miller
Brownback	Enzi	Murkowski
Bunning	Fitzgerald	Nickles
Burns	Frist	Roberts
Campbell	Graham	Santorum
Chambliss	Grassley	Sessions
Cochran	Gregg	Shelby
Coleman	Hagel	Smith (OR)
Collins	Hatch	Snowe
Cornyn	Hutchison	Specter
Craig	Inhofe	
Stevens	Talent	Voinovich
Sununu	Thomas	Warner

NAYS—50

Akaka	Dorgan	Levin
Baucus	Durbin	Lieberman
Bayh	Edwards	Lincoln
Biden	Feingold	McCain
Bingaman	Feinstein	Mikulski
Boxer	Graham	Murray
Breaux	Harkin	Nelson (FL)
Byrd	Hollings	Nelson (NE)
Cantwell	Inouye	Pryor
Carper	Jeffords	Reed
Chafee	Johnson	Reid
Clinton	Kennedy	Rockefeller
Conrad	Kerry	Sarbanes
Corzine	Kohl	Schumer
Daschle	Landrieu	Stabenow
Dayton	Lautenberg	Wyden
Dodd	Leahy	

The VICE PRESIDENT. On this question, the yeas are 50, the nays are 50. The Senate being equally divided, the Vice President votes yes, and the conference report is agreed to.

Mr. NICKLES. I move to reconsider the vote.

Mr. SANTORUM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. NICKLES. Mr. President, I thank all of our colleagues. This has been a challenging process. I especially thank Senator CONRAD. We have had a good debate, a challenging process, needless to say, but we now have a budget. I thank all of my colleagues for their support in making that happen.

The VICE PRESIDENT. The Senator from North Dakota.

Mr. CONRAD. Mr. President, we welcome the Vice President to the Chamber. We congratulate you on the success of our forces half a world away in Iraq. We deeply appreciate that success.

We have concluded action now on the budget resolution. This has been an item of significant debate in the Chamber, and disagreement, but we respect the outcome. Everyone had a chance to express their view. Everyone hopes this works out for the best for our country.

I conclude by thanking the chairman of the committee, who worked very hard in difficult circumstances to produce a budget resolution. We congratulate him on his success. We also thank his excellent staff, who were terrific to work with. Although we had, obviously, disagreements on the two sides, the tone of this debate has been excellent.

I also thank all of my colleagues who expressed themselves, who participated in this debate and made their feelings known.

I conclude by thanking my own staff, my staff director, Mary Naylor, Jim Horney, Sue Nelson, my counsel, Lisa Konwinski, and all of the other staff members who worked long and hard as we considered this resolution.

I yield the floor.

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

Mr. FRIST. A brief announcement now for the benefit of our colleagues. The supplemental is currently being discussed, debated, amended, worked on very hard as it has been over the last several days, and will likely go into tonight. We expect to pass that supplemental by unanimous consent later tonight, and thus the vote we just took will be the last vote prior to the recess. The next vote will be on Tuesday, April 29. I will notify Members of the exact time on Tuesday, the 29th.

Again, there will be no further rollcall votes between now and the recess.

The ACTING PRESIDENT pro tempore. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I rise to congratulate the distinguished chairman of the Budget Committee. Frankly, no matter how difficult, we did produce a budget resolution. Obviously, it is less than unanimous in terms of the likes and dislikes for this proposal, but I submit it is far better for the Senate and for the people of this country that we have a budget resolution than we not have one at all.

Obviously, there will be opportunities to differ during the year, and there are provisions that will be difficult to maintain and to enforce. The truth is, we do know when we do not have a budget resolution, regardless of how contentious it is, we are inviting chaos. We are inviting a delay in almost every one of the processes that are ordinary and normal to this case without a resolution. There are plenty of Senators who do not agree with that. That is why the vote is 50/50. That is exactly what voting is for. Someone wins; someone loses. In this instance, the Vice President did what is provided for in our Constitution, provided the one-vote majority, and now we have a budget resolution.

I am hopeful that the implementation of that budget resolution, contrary to what has been said this evening by the other side, will be good for this country. I am confident that it will be better for this country than not to have one. Of that, I am positive.

Could there be a better one? Maybe, but there cannot be a better one and get votes in the Senate to have that as a budget resolution. If we could, we would have. This is the best we can do.

I compliment Senator NICKLES, the new chairman, and all who worked with him. Obviously, the decorum, the demeanor, in getting this done requires more than a chairman. It requires a ranking member and the ranking member deserves our accolades.

In addition, I guarantee there are plenty of staff hours and toil and work on both sides of the aisle that went into this resolution. I commend each and every one of the staff who worked so hard to get us to this point.

Last but not least, I commend the majority leader for his dedicated and diligent work in helping the chairman get us to where we are today.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Oklahoma.

Mr. NICKLES. I thank my colleague, Senator DOMENICI. Personally, my admiration for him has gone up dramatically, recognizing that he was either chairman or ranking member for 22 years of the Budget Committee, and every year he was chairman, he was able to get a budget passed. It is not an easy process. I also thank him because he has given me some excellent staff and they have been a great asset. Hazen Marshall is the chief of staff who put together a great team, many of whom were former employees of my very good friend.

Senator DOMENICI, who is now chairman of the Energy and Natural Resources Committee, is doing a fabulous job. This year we will have an energy bill and it will be passed out of the Energy and Natural Resources Committee. When marking it up, it had a lot of amendments. We had a lot of amendments on the budget package in committee and on the floor, and I am sure we will in the energy bill, but I am sure we will have an energy bill to contribute to our country's energy security.

I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EASTER

Mr. BYRD. Mr. President, the Senate will soon recess. Members will travel. Many will go home, meet with constituents, visit with friends, and attend Rotary Club lunches, Veterans of Foreign Wars rallies, and other important civic events. Some members will travel overseas, visiting U.S. troops and military facilities around the world in order to get a first-hand look at conditions and morale, or meeting with U.S. embassy personnel for detailed assessments of world events. After the contentious debates and harried schedules of past weeks on Capitol Hill, some Members may just relax and enjoy the beauty of spring. Spring, ah spring.

Spring is such a gentle season. The air is soft, the earth is moist, the new leaves and blades of grass are tender, not like the superheated air of summer that parches the earth, toughening leaves and drying lawns into crispy, crunchy deserts. Even the colors of springtime are gentle, all soft purples, buttery yellows and pale pinks of lilac, daffodil, and hyacinth. Only later, in the summer sun, come the vibrant oranges, deep reds, and gaudy color mixes of sun- and heat-loving flowers like marigolds, zinnia, and geranium.

In this most gentle of seasons, the contrast between the beauty outdoors and the images saturating the airwaves is difficult to reconcile. Images of war waged in distant cities in a distant land, of gunfire, bombs, of ambushes, of sudden death and the loss and anguish of families both here and there, do not seem to match the mood of springtime, with its message of birth and life and growth. But the holiday that Christians celebrate this season contains all of these paradoxes. Easter is tragedy and loss, capture and death, as well as rebirth and new life, life everlasting.

The story of Easter is monumental. It is theater for the ages, unmatched by Sophocles, Euripides, or Shakespeare, because it is true. Easter is the history of one man, his life and death highlighted in the annals of history as few individuals are. Though full of miracles beyond wonder and betrayal beyond believing, the story of Jesus of Nazareth ends on a stirring note of hope. His death, the price of life everlasting for mankind, offers solace and hope to the families who have lost sons and daughters, husbands and wives, during Operation Iraqi Freedom. Indeed, the Easter story offers comfort to all of us.

When you have lived as long as I have, and when you have been as blessed as I to have and have had many good friends over the years, you must also live with the loss of those friends and loved ones. Not a day passes but that the untimely loss of my grandson Michael does not make my heart ache. It was 21 years ago this coming Monday. Recently, my colleague and good friend, the former Senator Daniel Patrick Moynihan, passed away at the age of 76. I miss him. There is where he sat—there. At that desk at the end of the back row. That is where he sat, I miss him. I miss my faithful and loving little dog Billy, who died last year. All things in this life must pass. But their memories warm my heart and their friendship is etched in the laugh lines on my face. My belief in the Creator and in his promise of life everlasting in his presence gives me support and comfort.

Though nothing can bring back the hour
Of splendour in the grass, of glory in the flower;
We will grieve not, rather find
Strength in what remains behind;
In the primal sympathy
Which having been must ever be;
In the soothing thoughts that spring
Out of human suffering;
In the faith that looks through death,
In years that bring the philosophic mind.

The poet William Wordsworth wrote that, in his ode, ''Intimation of Immortality.''

This coming Sunday is Palm Sunday, marking the triumphal entry into Jerusalem by Jesus, our blessed Lord. It is a joyous day, but shadowed now by the foreknowledge of what is to come on Maundy Thursday, Good Friday and Holy Saturday—dark, sad days relieved by the miracle of Easter Sunday. On Easter Sunday, our spirits are lifted by the wondrous news of the resurrection and the ascension. Those are uplifting words: resurrection and ascension, rebirth and, for Jesus, a homecoming to sit at the right hand of the Father, His Father. My Father. Your Father.